

AGENDA ITEM IX.B – Proposed Regulation Removals – *For Possible Action*

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original regulation; (2) variations of *green bold underlining* is language proposed to be added in this amendment; (3) *red strikethrough* is deleted language in the original regulation; (4) *purple double strikethrough* is language proposed to be deleted in this amendment; (5) *orange double underlining* is deleted language in the original regulation proposed to be retained in this amendment.

IX.B: Proposed removal of regulations **NAC 612.665** through **NAC 612.685** related to the defunct business start-up program for seniors and Veterans.

~~**NAC 612.665 Definitions.** (NRS 612.607) As used in NAC 612.665 to 612.685, inclusive, unless the context otherwise requires, the words and terms defined in NAC 612.667, 612.669 and 612.671 have the meanings ascribed to them in those sections.~~

~~(Added to NAC by Employ'm't Security Div. by R128-09, eff. 4-20-2010)~~

~~**NAC 612.667 "Program" defined.** (NRS 612.607) "Program" means the program established pursuant to NAC 612.673.~~

~~(Added to NAC by Employ'm't Security Div. by R128-09, eff. 4-20-2010)~~

~~**NAC 612.669 "Start-up business" defined.** (NRS 612.607) "Start-up business" means a small business that has been in operation for 6 months or less.~~

~~(Added to NAC by Employ'm't Security Div. by R128-09, eff. 4-20-2010)~~

~~**NAC 612.671 "Veteran" defined.** (NRS 612.607) "Veteran" has the meaning ascribed to it in 38 U.S.C. § 101(2).~~

~~(Added to NAC by Employ'm't Security Div. by R128-09, eff. 4-20-2010)~~

~~**NAC 612.673 Establishment of program.** (NRS 612.607) The Administrator shall establish a program to disburse grants of money to nonprofit private entities organized under the provisions of chapter 81 or 82 of NRS to be used exclusively to assist start-up businesses which are at least majority owned and controlled by one or more veterans or one or more senior citizens.~~

~~(Added to NAC by Employ'm't Security Div. by R128-09, eff. 4-20-2010)~~

~~**NAC 612.675 Qualifications required to receive grants.** (NRS 612.607) The Administrator shall ensure that all loans made under the program are disbursed by qualified nonprofit private entities. Qualifications must be identified using information submitted by the nonprofit private entity pursuant to NAC 612.677. In determining whether a nonprofit private entity is qualified to receive a grant under the program, the Administrator may consider, without limitation:~~

- ~~1. The experience and past performance of the nonprofit private entity in delivering training and counseling in the areas of financial services;~~
- ~~2. The experience and past performance of the nonprofit private entity in the management of public funds or loans;~~
- ~~3. The ability of the nonprofit private entity to provide services on a statewide or regional basis;~~
- ~~4. Evidence of an established lending process, including, without limitation, underwriting guidelines and collection policies and procedures for delinquent accounts;~~
- ~~5. The length of time the nonprofit private entity has been providing financial services to the public or private sector;~~
- ~~and~~
- ~~6. The aging of the current loan portfolio of the nonprofit private entity.~~

~~(Added to NAC by Employ'm't Security Div. by R128-09, eff. 4-20-2010)~~

~~**NAC 612.677 Application for grants; compliance with terms of grant.** (NRS 612.607)~~

~~1. A nonprofit private entity that applies for a grant pursuant to the program must do so in the manner prescribed by the Administrator. The Administrator:~~

~~(a) Shall, at a minimum, require the submission of the financial statements of the nonprofit private entity for the 3 years immediately preceding the date of the application; and~~

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~~(b) May require the nonprofit private entity to demonstrate, to the satisfaction of the Administrator, fiduciary responsibility, principles of accounting practices and fiscal mechanisms consistent with safeguarding public funds and the public interest.~~

~~2. Any grant which is awarded to a nonprofit private entity is subject to audit and review by the Division.~~

~~3. The Administrator may require a nonprofit private entity to repay any grant money that has not been expended in compliance with the terms under which the grant was awarded.~~

~~(Added to NAC by Employ'm't Security Div. by R128-09, eff. 4-20-2010; A by R084-14, 10-24-2014)~~

~~**NAC 612.679 Conditions for approval of loans. (NRS 612.607)**~~

~~1. A nonprofit private entity which administers the disbursement of money received as a grant pursuant to the program may approve an individual loan of up to \$15,000 to a start-up business without the approval of the Administrator. The Administrator may waive the loan limit prescribed in this subsection for a loan not exceeding \$20,000.~~

~~2. A loan may not be made to:~~

~~(a) An applicant for a loan by the person responsible for approving the loan on behalf of the nonprofit private entity if the person approving the loan has a dating relationship with the applicant or:~~

~~(1) Is the spouse or domestic partner of the applicant;~~

~~(2) Is a member of the household of the applicant;~~

~~(3) Is related to the applicant, or to the spouse or domestic partner of the applicant, by blood, adoption, marriage or domestic partnership within the third degree of consanguinity or affinity;~~

~~(4) Employs the applicant, the spouse or domestic partner of the applicant or a member of the household of the applicant;~~

~~(5) Has a substantial and continuing business relationship with the applicant; or~~

~~(6) Has any other commitment, interest or relationship with the applicant that is substantially similar to a commitment, interest or relationship described in subparagraphs (1) to (5), inclusive; or~~

~~(b) A start-up business which has not complied with the provisions of chapter 76 of NRS or which fails to demonstrate compliance with applicable requirements governing contributions or industrial insurance pursuant to the provisions of chapter 612 or 616C of NRS.~~

~~3. An applicant for a loan pursuant to this section must submit to the nonprofit private entity a business plan which clearly identifies and explains the intended use of the loan in the manner prescribed by the nonprofit private entity.~~

~~4. An applicant for a loan may not have more than one loan which is obtained pursuant to this section and which is in repayment, except that a borrower who has repaid such a loan pursuant to NAC 612.683 may apply for another loan for the purposes of expanding the business if the business still qualifies as a start-up business.~~

~~5. Any legally organized business entity which receives a loan from a nonprofit private entity pursuant to this section:~~

~~(a) May use the money for business-related costs, including, without limitation, costs associated with the start-up of the business and licensing and permitting; and~~

~~(b) May not, in any manner, use any portion of the money for expenses commonly considered personal in nature.~~

~~6. As used in this section:~~

~~(a) "Dating relationship" has the meaning ascribed to it in NAC 284.0533.~~

~~(b) "Domestic partner" has the meaning ascribed to it in NRS 281A.085.~~

~~(c) "Domestic partnership" has the meaning ascribed to it in NRS 281A.086.~~

~~(d) "Household" has the meaning ascribed to it in NRS 281A.100.~~

~~(Added to NAC by Employ'm't Security Div. by R128-09, eff. 4-20-2010; A by R084-14, 10-24-2014)~~

~~**NAC 612.681 Appeal for denial of application for loan. (NRS 612.607)**~~

~~1. A nonprofit private entity which administers a loan shall establish a process by which an applicant may appeal the denial of an application for a loan under the program. The appeal process must provide for the creation of a panel or committee that is responsible for holding regular meetings in a manner sufficient to ensure the timely resolution of any appeal filed with the nonprofit private entity.~~

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~~2. Any records relating to an appeal described in subsection 1 must be made available to the Division for inspection. (Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)~~

~~NAC 612.683 Repayment of loan; use of interest to issue additional loans under certain circumstances; forgiveness of outstanding balance under certain circumstances. (NRS 612.607)~~

~~1. Except as otherwise provided in subsection 4, both principal and interest on a loan made under the program must be repaid to the nonprofit private entity not later than 4 years after the date on which the loan is made. The nonprofit private entity administering the loan must establish a payment schedule and agreement with the borrower. The schedule and agreement must provide that:~~

~~(a) The first year of repayment of a loan is free from interest.~~

~~(b) From the beginning of the second year of repayment of a loan, a loan which is not repaid in full by the end of the first year is subject to a maximum rate of interest not higher than the maximum rate of interest set forth in this paragraph on the outstanding balance of the loan until the loan is paid in full. For the purposes of this paragraph, the maximum rate of interest is a rate of interest equal to the prime rate at the largest bank in Nevada, as ascertained by the Commissioner of Financial Institutions, on January 1 or July 1, as the case may be, immediately preceding the date of the beginning of the second year of repayment of the loan, plus 2.25 percent simple interest per annum, with the amount of this maximum rate of interest adjusted accordingly on each January 1 and July 1 thereafter until the loan is paid in full.~~

~~(c) The failure of the borrower to repay the principal and interest on the loan may result in collection proceedings to the extent allowable under the applicable laws and regulations of this State.~~

~~2. Except as otherwise provided in subsection 3, any interest earned by the nonprofit private entity pursuant to subsection 1:~~

~~(a) Must be deposited in a separate account established and maintained by the nonprofit private entity for the purpose of administering loans; and~~

~~(b) Must not be commingled with any other money.~~

~~3. If the Administrator determines that a nonprofit private entity has earned and collected interest in excess of the amount of money which is necessary for the purpose of administering loans, the Administrator may require that the amount of the excess be used to issue additional loans.~~

~~4. The Administrator may forgive the outstanding balance of a loan if:~~

~~(a) The Administrator determines that the loan was not secured either in whole or in part by fraud or misrepresentation of the borrower;~~

~~(b) The borrower demonstrates an inability to repay the loan; and~~

~~(c) The recovery of the loan would be against equity and good conscience, as determined by the Administrator.~~

~~(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010; A by R084-14, 10-24-2014)~~

~~NAC 612.685 Reimbursement of administrative costs. (NRS 612.607)~~

~~1. If the amount of interest collected by a nonprofit private entity is insufficient for the purpose of administering loans pursuant to subsection 2 of NAC 612.683, the nonprofit private entity may be entitled to reimbursement for administrative costs incurred as a result of administering a loan under the program, but any such reimbursement must not exceed 10 percent of the total amount of all grants awarded to the nonprofit private entity for the purposes of making loans under the program.~~

~~2. A claim for reimbursement pursuant to subsection 1 must be made:~~

~~(a) In accordance with generally accepted accounting principles; and~~

~~(b) On a form prescribed by the Administrator.~~

~~(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010; A by R084-14, 10-24-2014)~~