
ASSEMBLY BILL NO. 287—ASSEMBLYMEN HORNE, ATKINSON,
CONKLIN, OCEGUERA; ANDERSON, ARBERRY, BUCKLEY,
HAMBRICK, KIRKPATRICK, MANENDO, MORTENSON,
SEGERBLOM AND SPIEGEL

MARCH 10, 2009

JOINT SPONSOR: SENATOR PARKS

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes concerning appraisals of real
estate. (BDR 54-1019)

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 appraisals of real estate; prohibiting the
improper influence of the results of an appraisal under
certain circumstances; revising provisions governing
unprofessional conduct and disciplinary action for
appraisers; prohibiting certain professionals from
improperly influencing the results of an appraisal; and
providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 **Section 3** of this bill prohibits certain persons from improperly influencing or
2 attempting to improperly influence the development, reporting, result or review of
3 an appraisal under certain circumstances. **Sections 1, 2, 4 and 6** of this bill apply
4 this prohibition to real estate brokers and salesmen, mortgage brokers and agents,
5 appraisers and mortgage bankers.

6 **Section 5** of this bill revises provisions setting forth unprofessional conduct for
7 an appraiser to expand the scope of conduct that is considered unprofessional with
8 regard to appraising real estate when the appraiser’s compensation is affected by
9 the appraised value of the real estate.



* A B 2 8 7 *

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

- 1 **Section 1.** NRS 645.635 is hereby amended to read as follows:
2 645.635 The Commission may take action pursuant to NRS
3 645.630 against any person subject to that section who is guilty of:
4 1. Offering real estate for sale or lease without the knowledge
5 and consent of the owner or his authorized agent or on terms other
6 than those authorized by the owner or his authorized agent.
7 2. Negotiating a sale, exchange or lease of real estate, or
8 communicating after such negotiations but before closing, directly
9 with a client if he knows that the client has a brokerage agreement in
10 force in connection with the property granting an exclusive agency,
11 including, without limitation, an exclusive right to sell to another
12 broker, unless permission in writing has been obtained from the
13 other broker.
14 3. Failure to deliver within a reasonable time a completed copy
15 of any purchase agreement or offer to buy or sell real estate to the
16 purchaser or to the seller, except as otherwise provided in subsection
17 4 of NRS 645.254.
18 4. Failure to deliver to the seller in each real estate transaction,
19 within 10 business days after the transaction is closed, a complete,
20 detailed closing statement showing all of the receipts and
21 disbursements handled by him for the seller, failure to deliver to the
22 buyer a complete statement showing all money received in the
23 transaction from the buyer and how and for what it was disbursed,
24 or failure to retain true copies of those statements in his files. The
25 furnishing of those statements by an escrow holder relieves the
26 broker's, broker-salesman's or salesman's responsibility and must
27 be deemed to be in compliance with this provision.
28 5. Representing to any lender, guaranteeing agency or any
29 other interested party, verbally or through the preparation of false
30 documents, an amount in excess of the actual sale price of the real
31 estate or terms differing from those actually agreed upon.
32 6. Failure to produce any document, book or record in his
33 possession or under his control, concerning any real estate
34 transaction under investigation by the Division.
35 7. Failure to reduce a bona fide offer to writing where a
36 proposed purchaser requests that it be submitted in writing, except
37 as otherwise provided in subsection 4 of NRS 645.254.
38 8. Failure to submit all written bona fide offers to a seller when
39 the offers are received before the seller accepts an offer in writing
40 and until the broker has knowledge of that acceptance, except as
41 otherwise provided in subsection 4 of NRS 645.254.



1 9. Refusing because of race, color, national origin, sex or
2 ethnic group to show, sell or rent any real estate for sale or rent to
3 qualified purchasers or renters.

4 10. Knowingly submitting any false or fraudulent appraisal to
5 any financial institution or other interested person.

6 ***11. Any violation of section 3 of this act.***

7 **Sec. 2.** NRS 645B.670 is hereby amended to read as follows:

8 645B.670 Except as otherwise provided in NRS 645B.690:

9 1. For each violation committed by an applicant for a license
10 issued pursuant to this chapter, whether or not he is issued a license,
11 the Commissioner may impose upon the applicant an administrative
12 fine of not more than \$10,000 ~~if~~ if the applicant:

13 (a) Has knowingly made or caused to be made to the
14 Commissioner any false representation of material fact;

15 (b) Has suppressed or withheld from the Commissioner any
16 information which the applicant possesses and which, if submitted
17 by him, would have rendered the applicant ineligible to be licensed
18 pursuant to the provisions of this chapter; or

19 (c) Has violated any provision of this chapter, a regulation
20 adopted pursuant to this chapter or an order of the Commissioner in
21 completing and filing his application for a license or during the
22 course of the investigation of his application for a license.

23 2. For each violation committed by a mortgage broker, the
24 Commissioner may impose upon the mortgage broker an
25 administrative fine of not more than \$10,000, may suspend, revoke
26 or place conditions upon his license, or may do both, if the mortgage
27 broker, whether or not acting as such:

28 (a) Is insolvent;

29 (b) Is grossly negligent or incompetent in performing any act for
30 which he is required to be licensed pursuant to the provisions of this
31 chapter;

32 (c) Does not conduct his business in accordance with law or has
33 violated any provision of this chapter, a regulation adopted pursuant
34 to this chapter or an order of the Commissioner;

35 (d) Is in such financial condition that he cannot continue in
36 business with safety to his customers;

37 (e) Has made a material misrepresentation in connection with
38 any transaction governed by this chapter;

39 (f) Has suppressed or withheld from a client any material facts,
40 data or other information relating to any transaction governed by the
41 provisions of this chapter which the mortgage broker knew or, by
42 the exercise of reasonable diligence, should have known;

43 (g) Has knowingly made or caused to be made to the
44 Commissioner any false representation of material fact or has
45 suppressed or withheld from the Commissioner any information



1 which the mortgage broker possesses and which, if submitted by
2 him, would have rendered the mortgage broker ineligible to be
3 licensed pursuant to the provisions of this chapter;

4 (h) Has failed to account to persons interested for all money
5 received for a trust account;

6 (i) Has refused to permit an examination by the Commissioner
7 of his books and affairs or has refused or failed, within a reasonable
8 time, to furnish any information or make any report that may be
9 required by the Commissioner pursuant to the provisions of this
10 chapter or a regulation adopted pursuant to this chapter;

11 (j) Has been convicted of, or entered a plea of nolo contendere
12 to, a felony relating to the practice of mortgage brokers or any crime
13 involving fraud, misrepresentation or moral turpitude;

14 (k) Has refused or failed to pay, within a reasonable time, any
15 fees, assessments, costs or expenses that the mortgage broker is
16 required to pay pursuant to this chapter or a regulation adopted
17 pursuant to this chapter;

18 (l) Has failed to satisfy a claim made by a client which has been
19 reduced to judgment;

20 (m) Has failed to account for or to remit any money of a client
21 within a reasonable time after a request for an accounting or
22 remittal;

23 (n) Has commingled the money or other property of a client
24 with his own or has converted the money or property of others to his
25 own use;

26 (o) Has engaged in any other conduct constituting a deceitful,
27 fraudulent or dishonest business practice;

28 (p) Has repeatedly violated the policies and procedures of the
29 mortgage broker;

30 (q) Has failed to exercise reasonable supervision over the
31 activities of a mortgage agent as required by NRS 645B.460;

32 (r) Has instructed a mortgage agent to commit an act that would
33 be cause for the revocation of the license of the mortgage broker,
34 whether or not the mortgage agent commits the act;

35 (s) Has employed a person as a mortgage agent or authorized a
36 person to be associated with the mortgage broker as a mortgage
37 agent at a time when the mortgage broker knew or, in light of all the
38 surrounding facts and circumstances, reasonably should have known
39 that the person:

40 (1) Had been convicted of, or entered a plea of nolo
41 contendere to, a felony relating to the practice of mortgage agents or
42 any crime involving fraud, misrepresentation or moral turpitude; or

43 (2) Had a financial services license or registration suspended
44 or revoked within the immediately preceding 10 years;

45 (t) *Has violated section 3 of this act;*



1 (u) Has failed to pay a tax as required pursuant to the provisions
2 of chapter 363A of NRS; or

3 ~~(v)~~ (v) Has not conducted verifiable business as a mortgage
4 broker for 12 consecutive months, except in the case of a new
5 applicant. The Commissioner shall determine whether a mortgage
6 broker is conducting business by examining the monthly reports of
7 activity submitted by the mortgage broker or by conducting an
8 examination of the mortgage broker.

9 3. For each violation committed by a mortgage agent, the
10 Commissioner may impose upon the mortgage agent an
11 administrative fine of not more than \$10,000, may suspend, revoke
12 or place conditions upon his license, or may do both, if the mortgage
13 agent, whether or not acting as such:

14 (a) Is grossly negligent or incompetent in performing any act for
15 which he is required to be licensed pursuant to the provisions of this
16 chapter;

17 (b) Has made a material misrepresentation in connection with
18 any transaction governed by this chapter;

19 (c) Has suppressed or withheld from a client any material facts,
20 data or other information relating to any transaction governed by the
21 provisions of this chapter which the mortgage agent knew or, by the
22 exercise of reasonable diligence, should have known;

23 (d) Has knowingly made or caused to be made to the
24 Commissioner any false representation of material fact or has
25 suppressed or withheld from the Commissioner any information
26 which the mortgage agent possesses and which, if submitted by him,
27 would have rendered the mortgage agent ineligible to be licensed
28 pursuant to the provisions of this chapter;

29 (e) Has been convicted of, or entered a plea of nolo contendere
30 to, a felony relating to the practice of mortgage agents or any crime
31 involving fraud, misrepresentation or moral turpitude;

32 (f) Has failed to account for or to remit any money of a client
33 within a reasonable time after a request for an accounting or
34 remittal;

35 (g) Has commingled the money or other property of a client
36 with his own or has converted the money or property of others to his
37 own use;

38 (h) Has engaged in any other conduct constituting a deceitful,
39 fraudulent or dishonest business practice;

40 (i) *Has violated section 3 of this act;*

41 (j) Has repeatedly violated the policies and procedures of the
42 mortgage broker with whom he is associated or by whom he is
43 employed; or

44 ~~(k)~~ (k) Has violated any provision of this chapter, a regulation
45 adopted pursuant to this chapter or an order of the Commissioner or



1 has assisted or offered to assist another person to commit such a
2 violation.

3 **Sec. 3.** Chapter 645C of NRS is hereby amended by adding
4 thereto a new section to read as follows:

5 *1. A person with an interest in a real estate transaction*
6 *involving an appraisal shall not improperly influence or attempt to*
7 *improperly influence, through coercion, extortion or bribery, the*
8 *development, reporting, result or review of the appraisal.*

9 *2. Subsection 1 does not prohibit a person with an interest in*
10 *a real estate transaction from requesting that an appraiser:*

- 11 (a) *Consider additional appropriate property information;*
12 (b) *Provide further detail, substantiation or explanation for the*
13 *appraiser's conclusion as to value; or*
14 (c) *Correct errors in his appraisal.*

15 **Sec. 4.** NRS 645C.460 is hereby amended to read as follows:
16 645C.460 1. Grounds for disciplinary action against a
17 certified or licensed appraiser or registered intern include:

- 18 (a) Unprofessional conduct;
19 (b) Professional incompetence;
20 (c) *Any violation of section 3 of this act;*
21 (d) A criminal conviction for a felony relating to the practice of
22 appraisers or any offense involving moral turpitude; and
23 ~~(d)~~ (e) The suspension or revocation of a registration card,
24 certificate, license or permit to act as an appraiser in any other
25 jurisdiction.

26 2. If grounds for disciplinary action against an appraiser or
27 intern exist, the Commission may do one or more of the following:

- 28 (a) Revoke or suspend his certificate, license or registration
29 card.
30 (b) Place conditions upon his certificate, license or registration
31 card, or upon the reissuance of a certificate, license or registration
32 card revoked pursuant to this section.
33 (c) Deny the renewal of his certificate, license or registration
34 card.
35 (d) Impose a fine of not more than \$10,000 for each violation.

36 3. If a certificate, license or registration card is revoked by the
37 Commission, another certificate, license or registration card must
38 not be issued to the same appraiser or intern for at least 1 year after
39 the date of the revocation, or at any time thereafter except in the sole
40 discretion of the Administrator, and then only if the appraiser or
41 intern satisfies all the requirements for an original certificate, license
42 or registration card.

43 4. An order that imposes discipline and the findings of fact and
44 conclusions of law supporting that order are public records.



1 **Sec. 5.** NRS 645C.470 is hereby amended to read as follows:
2 645C.470 A certified or licensed appraiser or registered intern
3 is guilty of unprofessional conduct if he:

4 1. Willfully uses a trade name, service mark or insigne
5 indicating membership in an organization for appraisers of which he
6 is not a member;

7 2. Violates any order of the Commission, agreement with the
8 Division, provision of this chapter or provision of any regulation
9 adopted pursuant to this chapter;

10 3. Fails to disclose to any person with whom he is dealing any
11 material fact or other information he knows, or in the exercise of
12 reasonable care and diligence should know, concerning or relating
13 to any real estate he appraises, including any interest he has in the
14 real estate;

15 4. Knowingly communicates a false or fraudulent appraisal to
16 any interested person or otherwise engages in any deceitful,
17 fraudulent or dishonest conduct;

18 5. ~~{Enters}~~ *Prepares or provides or enters* into a contract to
19 prepare *or provide* an appraisal ~~{by which}~~ *if* his compensation is
20 based partially or entirely on *, or is otherwise affected by,* the
21 amount of the appraised value of the real estate;

22 6. Before obtaining his license or registration card, engaged in
23 any conduct of which the Division is not aware that would be a
24 ground for the denial of a certificate, license or registration card; or

25 7. Makes a false statement of material fact on his application.

26 **Sec. 6.** NRS 645E.670 is hereby amended to read as follows:

27 645E.670 1. For each violation committed by an applicant,
28 whether or not he is issued a license, the Commissioner may impose
29 upon the applicant an administrative fine of not more than \$10,000
30 ~~{}~~ if the applicant:

31 (a) Has knowingly made or caused to be made to the
32 Commissioner any false representation of material fact;

33 (b) Has suppressed or withheld from the Commissioner any
34 information which the applicant possesses and which, if submitted
35 by him, would have rendered the applicant ineligible to be licensed
36 pursuant to the provisions of this chapter; or

37 (c) Has violated any provision of this chapter, a regulation
38 adopted pursuant to this chapter or an order of the Commissioner in
39 completing and filing his application for a license or during the
40 course of the investigation of his application for a license.

41 2. For each violation committed by a licensee, the
42 Commissioner may impose upon the licensee an administrative fine
43 of not more than \$10,000, may suspend, revoke or place conditions
44 upon his license, or may do both, if the licensee, whether or not
45 acting as such:



- 1 (a) Is insolvent;
- 2 (b) Is grossly negligent or incompetent in performing any act for
3 which he is required to be licensed pursuant to the provisions of this
4 chapter;
- 5 (c) Does not conduct his business in accordance with law or has
6 violated any provision of this chapter, a regulation adopted pursuant
7 to this chapter or an order of the Commissioner;
- 8 (d) Is in such financial condition that he cannot continue in
9 business with safety to his customers;
- 10 (e) Has made a material misrepresentation in connection with
11 any transaction governed by this chapter;
- 12 (f) Has suppressed or withheld from a client any material facts,
13 data or other information relating to any transaction governed by the
14 provisions of this chapter which the licensee knew or, by the
15 exercise of reasonable diligence, should have known;
- 16 (g) Has knowingly made or caused to be made to the
17 Commissioner any false representation of material fact or has
18 suppressed or withheld from the Commissioner any information
19 which the licensee possesses and which, if submitted by him, would
20 have rendered the licensee ineligible to be licensed pursuant to the
21 provisions of this chapter;
- 22 (h) Has failed to account to persons interested for all money
23 received for a trust account;
- 24 (i) Has refused to permit an examination by the Commissioner
25 of his books and affairs or has refused or failed, within a reasonable
26 time, to furnish any information or make any report that may be
27 required by the Commissioner pursuant to the provisions of this
28 chapter or a regulation adopted pursuant to this chapter;
- 29 (j) Has been convicted of, or entered a plea of nolo contendere
30 to, a felony relating to the practice of mortgage bankers or any crime
31 involving fraud, misrepresentation or moral turpitude;
- 32 (k) Has refused or failed to pay, within a reasonable time, any
33 fees, assessments, costs or expenses that the licensee is required to
34 pay pursuant to this chapter or a regulation adopted pursuant to this
35 chapter;
- 36 (l) Has failed to pay a tax as required pursuant to the provisions
37 of chapter 363A of NRS;
- 38 (m) Has failed to satisfy a claim made by a client which has
39 been reduced to judgment;
- 40 (n) Has failed to account for or to remit any money of a client
41 within a reasonable time after a request for an accounting or
42 remittal;
- 43 (o) *Has violated section 3 of this act;*



- 1 *(p)* Has commingled the money or other property of a client
- 2 with his own or has converted the money or property of others to his
- 3 own use; or
- 4 ~~*(p)*~~ *(q)* Has engaged in any other conduct constituting a
- 5 deceitful, fraudulent or dishonest business practice.
- 6 3. An order that imposes discipline and the findings of fact and
- 7 conclusions of law supporting that order are public records.

