

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS AS REQUIRED
BY ADMINISTRATIVE PROCEDURES ACT, NRS 233B.066
Informational Statement
LCB FILE NO. R070-16**

The following statement is submitted for adopted amendments to Nevada Administrative Code (NAC) Chapter 645A.

1. A clear and concise explanation of the need for the adopted regulation.

To comply with the Division's statutory duty to ensure the effectiveness of NRS 645A and to carry out the provisions of NRS 645A; to conform with and implement revisions made to the law governing the licensing and regulation of escrow agencies and escrow agents as enacted by Assembly Bill 480 ("AB 480") of the 2015 Session of the Nevada Legislature; and to ensure that regulations are written clearly and concisely and to remove or clarify provisions that are unnecessary, duplicative or in conflict with statutory provisions.

2. A description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

Copies of the proposed regulation, notice of workshop, small business impact statement, and notice of intent to act upon the regulation were e-mailed to Division licensees, pending applicants, and persons who were known to have an interest in the regulations as well as any persons who had specifically requested such notice. These documents were also made available at the Division of Mortgage Lending's Website at <http://www.mld.nv.gov> and the Nevada Public Notice Website at <http://notice.nv.gov>; posted at the Division's Las Vegas office and Office of the Department of Business and Industry in Carson City; and provided to the Nevada State Library for posting. The proposed regulation and notice of intent to act upon the regulation were additionally provided to the Nevada State Library and all county libraries in Nevada at which the Division does not maintain an office, for posting. Notice of intent to act upon the regulation was further submitted for posting on the Nevada Legislature's website.

On April 18, 2016, via e-mail, the Division notified its licensees and pending applicants concerning the proposed regulation, provided a copy of the proposed regulation, and solicited written comments concerning whether it would impose a direct and significant economic burden upon a small business that is subject to NRS 645A, or directly restrict the formation operation, or expansion of a small business that is subject to NRS 645A. The information was additionally posted on the Division's website, the State's official website, and at the Division's office. The Division had also reached out to stakeholders on several occasions, both in connection with the introduction of and amendments to AB 480 in the 2015 Nevada Legislature (the discussion, comments, suggestions and general feedback concerning its possible impact upon the industry being addressed), as well in the Division's drafting of the proposed regulations.

In response to the April 18, 2016 solicitation, the Division's record reflects receipt of one written comment, the stated concerns of which pertained to the possible impact of the regulation relating to reporting requirements, and questioned whether replacing the requirement of filing a quarterly activity report in lieu of an audited financial statement was a prudent decision considering that transactions handled by NRS 645A licensees typically were in the hundreds of thousands of dollars, if not more. As structured, the revised regulation eliminates the submission of audited financial statements from certain licensees and expands the reviewed financial statement requirement to all licensees, with the addition of the submission of semi-annual activity reports to assist in ensuring compliance and providing appropriate supervision to protect consumers.

A duly-noticed workshop was held on May 18, 2016 in Las Vegas, Nevada as video conferenced with Carson City, Nevada. Minutes of the workshop are attached hereto as "Exhibit A." Thereafter, on November 7, 2016, the Commissioner of the Division of Mortgage Lending (Commissioner) issued and posted a Notice of Intent to Act Upon a Regulation based upon the LCB Draft of Proposed Regulation R070-16.

A duly-noticed public hearing for adoption of the proposed regulation was held on December 12, 2016 in Las Vegas, Nevada, as video conferenced with Carson City, Nevada. Minutes of the public hearing are attached hereto as "Exhibit B." No further comments were received.

3. The number of persons who:

	<u>Carson City</u>	<u>Las Vegas</u>
Attended <i>May 18, 2016</i> workshop:	1	0
Testified at the workshop:	0	0
Attended <i>December 12, 2016</i> hearing:	0	3
Testified at the hearing:	0	0
Submitted written comments:	1	

4. A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified in #3, above, as provided to the agency.

Attended May 18, 2016 workshop as videoconferenced with Carson City, Nevada:

Geneva Martinkus of Allied Loan Servicing, (775) 772-1917,
geneva@allied1031exchange.com

Attended December 12, 2016 hearing in Las Vegas, Nevada:

Noah Allison of Three Lock Box, (702) 990-0119, noah@threelockbox.com
Michelle Allison of Three Lock Box, (702) 990-0119, michelle@threelockbox.com
Anne Dwyer, of Nevada Construction Services, (702) 251-1150, adwyer@ncsnv.com

5. **A description of how comment was solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary.**

Comments were solicited from affected businesses in the same manner as they were solicited from the public.

6. **If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

At the conclusion of the noticed public hearing on December 12, 2016, the permanent regulation was adopted in the form as proposed and reflected in the *LCB Draft of Proposed Regulation R070-16* because there were no significant objection to the proposed language.

7. **The estimated economic effect of the adopted regulation on the businesses which it is to regulation and on the public. These must be stated separately, and each case must include:**

- (a) **Both adverse and beneficial effects; and**
- (b) **Both immediate and long-term effects.**

- (a) Both adverse and beneficial effects

The Division does not foresee any major adverse effects of the adopted regulation to the business of an escrow agency or upon escrow agents.

The Division anticipates that the beneficial effects of the adopted regulation will protect the health and welfare of Nevadans without unnecessarily burdening business activity. The adopted regulation lessens the financial burden on small business by eliminating the requirement upon certain escrow agencies for the submission of audited financial statements. The adopted regulation further implements the requirement of semiannual reports and reviewed financial statements to ensure compliance and appropriate supervision to protect consumers, and amends educational requirements to provide more flexibility for course topics and provides for online instruction.

- (b) Both immediate and long-term effects.

See answer to Item No 7(a), above. To reduce the impact of the proposed regulation on small businesses, the Division worked closely with stakeholders and considered their comments and suggestions.

The Division anticipates that both the immediate and long-term beneficial effects of the adopted regulation will protect the health and welfare of Nevadans without unnecessarily burdening business activity. Eliminating the requirement for the submission of audited financial statements from certain licensees and expanding the reviewed financial statement requirement to all licensees, reduces annual costs to the industry by thousands of dollars.

Members of the escrow industry concurred that the submission of semi-annual reports would not cause the industry to incur any additional expenses.

8. The estimated cost to the agency for enforcement of the adopted regulation.

The Division does not anticipate incurring additional costs for the implementation and enforcement of the adopted regulation. Members of the escrow industry concurred that the submission of semi-annual reports would not cause the industry to incur any additional expenses.

9. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

There are no other state or government agencies regulations known by the Division that the proposed regulation overlaps or duplicates.

10. If the regulation includes provisions which are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.

The adopted regulation does not include provisions which are known to be more stringent than a federal regulation which regulates the same activity.

11. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

The adopted regulation does not provide for a new fee or an increase of any existing fee.