

SUMMARY—Makes various changes to provisions governing real estate. (BDR 54-532)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.

Effect on the State: Yes.

AN ACT relating to real estate; prohibiting an appraiser from preparing an appraisal under certain circumstances; authorizing the Commission of Appraisers of Real Estate and the Real Estate Administrator to adopt regulations relating to certain appraisals; allowing a person to request certain information relating to appraisals; prohibiting certain appraisals from including the value of certain property that is or was the subject of a foreclosure or short sale within a relevant period; prohibiting a lender from accelerating the payment of the balance of a home loan under certain circumstances; providing criminal and civil penalties; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 2 of this bill establishes a process for the referral of real estate appraisers from a list maintained by the Real Estate Administrator. **Section 2** also prohibits an appraiser from preparing an appraisal unless the appraiser was selected from the list. Finally, **section 2** authorizes the Administrator and the Commission of Appraisers of Real Estate to adopt regulations for the administration of this process.

Section 3 of this bill requires the Real Estate Division of the Department of Business and Industry to maintain a record of: (1) the parcels of real estate for which a referral of an appraiser was given; and (2) the appraiser who performed the appraisal. A person may request from the Division a list of appraisers who have performed appraisals on a specific parcel of property. **Section 3** also requires appraisers who have performed such appraisals to produce a copy of such appraisals upon request.

Section 4 of this bill prohibits an appraiser from including a short sale or a foreclosure sale as a comparable sale in an appraisal.

Section 5 of this bill makes it an unfair lending practice, subject to certain criminal and civil penalties, for a lender to accelerate the payment of a home loan under certain circumstances.

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

Section 1. Chapter 645C of NRS is hereby amended by adding thereto the provisions set forth as sections 2, 3 and 4 of this act.

Sec. 2. 1. *Except as otherwise provided in this subsection, an appraiser shall not prepare an appraisal for a person unless the appraiser was selected by the Administrator from the list of qualified appraisers designated by the Administrator, according to the license or type of license or certificate of the appraisers and the order in which their names appear on the list.*

If the appraiser selected by the Administrator from the list is currently an employee of the person requesting the appraisal, the Administrator must select the appraiser who is next on the list and who is not currently an employee of the person.

2. A person who requests the referral of an appraiser pursuant to subsection 1 must:

(a) Identify the parcel of real estate for which the appraisal is to be performed; and

(b) Identify himself or herself and disclose his or her relationship to the owner of the real estate.

3. The Administrator shall not select an appraiser to perform an appraisal on a parcel of real estate for a person if that person has requested the referral of an appraiser to perform an appraisal on that parcel of real estate within the effective period of appraisals as specified by the Commission by regulation.

4. An appraiser shall not associate with or supervise an intern in the preparation of an appraisal unless the appraiser was selected to prepare the appraisal pursuant to subsection 1.

5. An intern shall not assist in the preparation, whether directly or indirectly, of an appraisal unless the intern assists in the preparation of the appraisal in association with and supervised by an appraiser who was selected to prepare the appraisal pursuant to subsection 1.

6. The Commission or the Administrator, with the approval of the Commission, may from time to time adopt reasonable regulations for the administration of this section and section 3 of this act, including, without limitation, regulations specifying the effective period of appraisals. When regulations are proposed by the Administrator, in addition to other notices required by law, the Administrator shall provide copies of the proposed regulations to the

Commission not later than 30 days before the next Commission meeting. The Commission shall approve, amend or disapprove any proposed regulations at that meeting.

Sec. 3. 1. *The Division shall maintain a record of the parcels of real estate for which a referral for an appraiser has been requested pursuant to section 2 of this act and the appraisers who performed the appraisal on such parcels of real estate.*

2. A person may request from the Division a list of all appraisers who have performed an appraisal on a specific parcel of real estate pursuant to section 2 of this act.

3. Within 10 days after receipt of a written request by a person for a copy of a report of an appraisal, the appraiser who performed an appraisal on a specific parcel of real estate pursuant to section 2 of this act shall provide a copy of the report for each appraisal that was performed on the parcel. The appraiser who provides the copy may charge a fee to cover the actual costs of preparing a copy, but not to exceed 25 cents per page.

Sec. 4. *Except as otherwise required by federal law or regulation, an appraiser shall not include as a comparable sale in an appraisal:*

1. A short sale; or

2. A sale of property which was the subject of a foreclosure sale, as that term is defined in subsection 4 of NRS 40.462.

Sec. 5. NRS 598D.100 is hereby amended to read as follows:

598D.100 1. It is an unfair lending practice for a lender to:

(a) Require a borrower, as a condition of obtaining or maintaining a home loan secured by home property, to provide property insurance on improvements to home property in an amount that exceeds the reasonable replacement value of the improvements.

(b) Knowingly or intentionally make a home loan, other than a reverse mortgage, to a borrower, including, without limitation, a low-document home loan, no-document home loan or stated-document home loan, without determining, using any commercially reasonable means or mechanism, that the borrower has the ability to repay the home loan.

(c) Finance a prepayment fee or penalty in connection with the refinancing by the original borrower of a home loan owned by the lender or an affiliate of the lender.

(d) Finance, directly or indirectly in connection with a home loan, any credit insurance.

(e) Except as otherwise authorized or required by federal law or regulation, accelerate the payment of the balance of a home loan of a borrower who is not in default or at risk of default solely because the value of the home property which serves as security for repayment of the home loan is less than the amount of the balance of the home loan.

2. As used in this section:

(a) "Credit insurance" has the meaning ascribed to it in NRS 690A.015.

(b) "Low-document home loan" means a home loan:

(1) Whose terms allow a borrower to establish his or her ability to repay the home loan by providing only limited verification of his or her income and other assets; or

(2) Which is evidenced only by a deed transferring some or all of the interest of the borrower in the home property to the creditor.

(c) “No-document home loan” means a home loan whose terms allow a borrower to establish his or her ability to repay the home loan without providing any verification of his or her income and other assets.

(d) “Prepayment fee or penalty” means any fee or penalty imposed by a lender if a borrower repays the balance of a loan or otherwise makes a payment on a loan before the regularly scheduled time for repayment.

(e) “Stated-document home loan” means a home loan whose terms allow a borrower to establish his or her ability to repay the home loan by providing only his or her own statement of verification of his or her income and other assets.

Sec. 6. This act becomes effective on July 1, 2011.