

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS
AS REQUIRED BY ADMINISTRATIVE
PROCEDURES ACT, NRS 233B.066**

LCB FILE NO. R147-12

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

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

Notice of the proposed regulation was posted on the Real Estate Division website and in other various public locations where both the public and other interested persons would have access to that information. The Division solicited both public and written comment at a public workshop conducted in Las Vegas, Nevada, on September 7, 2012 with video to Carson City, Nevada. The May 23, 2013 public adoption hearing was posted at various public locations throughout the State as well as all libraries in the State of Nevada. The public adoption hearing was held in Las Vegas, Nevada with video to Carson City, Nevada.

2. The number of persons who:

			<u>CC</u>	<u>LV</u>
Attended workshop: 09/07/12:	0	2		
Submitted written comments:		0	0	
Attended hearing: 05/23/13:	2	0		
Submitted written comments:		1	0	

3. 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.

The public and businesses were invited to comment at both the workshop and adoption hearing or in writing per the notices. At both the workshop and adoption hearing, the Administrator of the Real Estate Division solicited public comment, considered possible changes to Nevada Administrative Code Chapter 645H, and formulated proposed changes suggested by the public. Interested persons were informed that a copy of R147-12 workshop/adoption summaries were available by contacting Joanne Gierer, Legal Administrative Officer at 702-486-4036.

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

Both public and written comments were discussed and considered by Administrator, Gail Anderson at the adoption hearing. Through discussion, Ms. Anderson decided that changes to R147-12 were not necessary.

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

Business which it is to regulate:

- (1) **Both adverse and beneficial effects:**

Beneficial effects:

1. The creation of NRS 645H came about during the 76th Nevada Legislative Session requiring the establishment of the following provisions:
 - ◆ A REGULATION relating to asset management;
 - ◆ Establishing provisions governing the issuance or renewal of a certificate of registration as an asset management company and a permit to engage in asset management;
 - ◆ Requiring the submission of certain information by applicants for such a certificate or permit;
 - ◆ Establishing provisions governing the conduct of business as an asset management company or asset manager;
 - ◆ Establishing ethical standards for asset managers;
 - ◆ Establishing provisions governing the conduct of disciplinary and other proceedings concerning an asset management company or asset manager;
 - ◆ Requiring an asset management company or asset manager to establish certain processes concerning its use of independent contractors; and
 - ◆ Providing other matters properly relating thereto.
2. The requirement for asset management companies to utilize asset managers who hold a permit for properties located in the State of Nevada provides a business opportunity for asset managers. It is not possible to estimate an economic effect.

Adverse effects:

Only one business regulated by NRS/NAC 645H came forward during the workshop and adoption hearing. Written comment was also submitted by this business. Adverse effects were not addressed, although, the person representing the business asked for clarification on many sections of R147-12.

- (2) **Both immediate and long-term effects.**

Immediate effects:

Legislative Counsel Bureau File Number R147-12 was drafted in response to Senate Bill (SB) 314 which was passed in 2011 during Nevada's 76th Legislative

Session. SB 314 provides for the registration, permitting and regulation of asset management companies and asset managers by the Real Estate Division of the Department of Business and Industry. The Real Estate Division shall adopt regulations prescribing a standard of practice and code of ethics for registered asset management companies.

Long-term effects: Same as above in 5(2).

Public:

(1) Both adverse and beneficial effects:

Beneficial effects:

R147-12 protects both the public and the businesses it regulates due to the enforcement of the newly created policies and procedures required by SB314.

Adverse effects: None.

(2) Both immediate and long-term effects:

Immediate effects: Same comment as in Public (1).

Long-term effects: Same comment as in Public (1).

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

The agency already performs licensing and registration functions for other programs under its jurisdiction. Additional cost to the agency is for LCB drafting of this regulation and is estimated to be \$2,000.

7. 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.

None.

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

None.

9. 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.

No new or additional fees are established by this regulation. Fees for the registration of Asset Management Companies and the permit of asset managers were established in Senate Bill 314, 2011 Legislative Session.