

Present: Wood, Mello, Capurro, Hafen, Bowler, Torvinen, Espinoza

Absent: None

Guests: John Porter Deputy Attorney General  
Hugo Quilici, Director Department of Commerce  
Louis Mastos, Commissioner of Insurance

Chairman Wood convened the meeting at 11:20 a.m.

SB-179 - Modernizes regulation of savings and loan associations

Porter: SB-179 is a bill that actually was prepared by the Legislative Council office for the purpose of updating and upgrading the savings and loan association. There were some amendments proposed before the Senate committee. Those amendments were agreed to; in its present form, this does give the commissioner of the savings and loan division authority to do the job that he is charged with doing. It makes it consistent with federal regulations. We have to work with the federal agencies as well and to require some coordination. We have tried to update our law so that it does correspond with the federal law. We feel it is a good bill in its present form and actually satisfies the demand for updating of the laws.

We have no objections to the amendments; when we had our hearings, we had top people from the field. The bill is good for the industry and also for the public interest.

Quilici: Page 15, Subsection 2; That was one of the things that I was interested in. The reason I wanted to change this was that under the law you could borrow on a percentage of the assets rather than on the savings; to me this was pyramiding.

Residential are small loans; nonresidential are really heavy loans. Savings and loan associations make their investments on the local basis as much as possible. When residential homes are involved, we want to scrutinize these pretty carefully so as not to impair the financial association. For the large loans they will have to get approval by the commissioner. The troublesome loans are large loans, and we wanted more control on them.

Subsection 3: 100 changed to 50. Porter: We have found from experience that when these loans are made beyond a certain range, the association loses control.

The commissioner cannot be arbitrary on his approvals of loans as there is an appeals board and also district court.

SB-196 - Increases authority of savings and loan associations and their directors.

Porter: There really has been a need for the association being able to get these services to the extent that they are tied in with the functions and objections. This provision in Section 1 is actually modeled on the federal regulation to give the state the same advantages as the federal. My attention has been called to the fact that this might permit the association to enter into the insurance field. Perhaps if there is any concern this could be amended. The second provision is in regard to the board of directors; this is now currently a usual provision. We have no objection to that; we would approve this. We feel that the management should be in the board of directors.

SB-406 - Enlarges loan conditions for loans from savings and loan associations

Porter: This is a change only in respect to the amount of the loan changing it from \$25,000 to \$35,000. This is needed due to inflation that has taken place and so we can make comparable loans in the field of residences etc.

Quilici:

Regarding the other amendment, sometimes the purchase price and the appraisal are not the same. An appraisal can be more than the purchase price or vice versa. If the appraised value exceeds purchase price, prior written approval would be received; they would have to wait to see if can go over the purchase price in the valuation for the loan.

Porter: We have had some experience with some of the associations selling or disposing of some of their properties in bulk in order to put themselves in a better tax position.

This would not put a burden on us to track down as the association does have appraisers for their properties. They are supposed to keep the appraisals current.

SB-517 - Provides additional requirements and regulations for certain cemeteries

Mastos: This bill, in particular, was split into a separate bill because they wanted everything related to cemeteries in the cemetery act itself.

Our department has had complaints with wrong doings so we came to the conclusion that we would try some tighter regulations. We met with the cemetery associations and the mortuaries and we have come up with this particular bill and all had agreed on what SB-517 now includes. I would recommend a "do pass" as the bill is now written.

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The rates are not increased on this; licensing procedures has increased; they have put certain licensing procedures in effect that have not been in effect before.

There are only two privately held cemeteries in the State of Nevada; these will cover the privately owned cemeteries only.

Porter: There are more extensive regulations to protect the public; also regulate the commissions charged.

Mastos: Our sections cover from about Section 11 on; the other items are ones that the industry has recommended based on past experience. There are no increased rates.

Section 6, subsection 4: This is the fee that the superintendent of banks sets for the examination based on his cost. This would be a reduction in cost.

Porter: SB-97 is a related bill, performs the same and the provisions are substantially the same in so far as pre need and are applied to funeral directors.

Quilici: This bill take out of the control of the State Board of Finance.

SB-179 - Modernizes regulation of savings and loan associations

Capurro Moved to do pass.

Discussion regarding the change from 100 miles to 50 miles on page 15, line 31.

Espinoza moved to keep the 100 miles; Bowler seconded; motion carried.

Bowler moved to amend and do pass; seconded; carried unanimously.

SB-196 - Increases authority of savings and loan associations and their directors.

Amend page 1, line 5 after state "except any corporation relating to the underwriting or sale of insurance".

Bowler moved to amend and do pass; Espinoza seconded; motion carried.

SB-406 - Enlarges loan conditions for loans from savings and loan associations

Capurro moved to do pass; Torvinen seconded; motion carried.

Chairman Wood adjourned the meeting.