STUDY OF LAWS, REGULATIONS AND POLICIES WHICH AFFECT DEPOSITORY FINANCIAL INSTITUTIONS

Bulletin No. 85-18

LEGISLATIVE COMMISSION
OF THE
LEGISLATIVE COUNSEL BUREAU
STATE OF NEVADA

August 1984

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Senate Concurrent Resolution No. 49—Committee on Commerce and Labor

FILE NUMBER 133

SENATE CONCURRENT RESOLUTION—Directing the legislative commission to study laws, regulations and policies which affect depository financial institutions.

WHEREAS, Federal deregulation of depository financial institutions is creating rapidly changing controls which affect the state's banks, savings and loan associations, thrift companies and other regulated depository financial institutions; and

WHEREAS, Nevada'a laws extract a tax on shares of some institutions and not on others; and

WHEREAS, Differing laws and regulations create inequities on different licensed depository financial institutions which are providing essentially the same services; and

WHEREAS, Our depository financial institutions may be placed in financial jeopardy by not being able to react promptly to competition from our sister states because of our restrictive laws which are only subject to biennial legislative revision; now, therefore, be it

Resolved by the Senate of the State of Nevada, the Assembly concurring, That the legislative commission is hereby directed to study the federal and state laws, regulations and policies which affect Nevada's depository financial institutions; and be it further

Resolved, That the legislative commission report the results of the study and recommendations for any changes in policies on interstate banking and necessary or desirable statutory or regulatory changes to the 63rd session of the legislature.

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REPORT OF THE LEGISLATIVE COMMISSION

TO THE MEMBERS OF THE 63RD SESSION OF THE NEVADA LEGISLATURE:

This report is submitted in compliance with Senate Concurrent Resolution No. 49 of the 62nd session of the Nevada legislature, which directs the legislative commission to study the federal and state laws, regulations and policies which affect Nevada's depository financial institutions. The legislative commission appointed a subcommittee to conduct the study and recommend appropriate action. The members of the subcommittee were:

Senator Robert E. Robinson, Chairman
Assemblyman Shelley L. Berkley, Vice Chairman
Senator Bob Ryan
Senator Randolph J. Townsend
Assemblyman Charles Joerg
Assemblyman Bob L. Kerns
Assemblyman Robert E. Price

The subcommittee has attempted, in this report, to present its findings and recommendations briefly and concisely. A great deal of data was gathered in the course of the study. All of the data and the minutes of the subcommittee's meetings are on file with the legislative counsel bureau and are available to any member.

This report is transmitted to the members of the 63rd session of the Nevada legislature for their consideration and appropriate action.

Respectfully submitted,

Legislative Commission
Legislative Counsel Bureau
State of Nevada

Carson City, Nevada
August 1984

* *

LEGISLATIVE COMMISSION

Senator James I. Gibson, Chairman

Senator Thomas J. Hickey	Assemblyman Louis W. Bergevin
Senator Robert E. Robinson	Assemblyman Joseph E. Dini
Senator Randolph J. Townsend	Assemblyman John E. Jeffrey
Senator Sue Wagner	Assemblyman Michael O. Malone
	Assemblyman David D. Nicholas
	Assemblyman John M. Vergiels

SUMMARY OF RECOMMENDATIONS

1. Consider authorizing interstate banking and imposing restrictions upon permissible activities by holding companies which are domiciled in another state. (Passed and approved during the 15th Special Session of the Legislature, chapter 2, Statutes of Nevada 1984).

2. Consider a bill which would allow regional banking in accordance with legislation enacted in Utah. (BDR 55-171)

3. Approve S.J.R. 3 of the 62nd Session of the Legislature relating to taxation of bank shares.

4. Impose a penalty upon any bank which does not submit an annual report to the department of taxation. (BDR 32-170)

5. Authorize banks to appeal assessments based upon valuations made by the Nevada tax commission to the state board of equalization. (BDR 32-170)

6. Create different classes of licenses for mortgage companies and require a higher bond for the class authorized to maintain trust accounts. (BDR 54-169)

7. Require title insurance for all mortgages placed through mortgage companies and for the transfer by mortgage companies of notes secured by liens on real property. (BDR 54-169)

8. Require an annual audited statement by an independent accountant for each mortgage company which makes a large number of loans or loans a large sum of money. (BDR 54-169)

9. Consider whether to allow small loan companies to share premises with other businesses, including mortgage companies. (BDR 56-172)

10. Allow mortgage companies to make small, unsecured loans if such activity can be adequately regulated. (BDR 56-172)

11. Remove the exemption from chapter 645A of NRS (Escrow Agents) for escrow agents who are domiciled within the premises of a title insurance company or underwritten title company. (BDR 54-169)

12. Require the insurance division of the department of commerce to study the reduction of the premium tax by the deduction for a "principal home office." (BDR 233)

13. If federal legislation is passed which allows banks to sell insurance:
    (a) Prohibit practices which would allow banks to influence a borrower's decision regarding insurance; and
    (b) Require banks and insurance companies to operate independently, with no mingling of assets and with separate accounting.

REPORT TO THE LEGISLATIVE COMMISSION FROM THE SUBCOMMITTEE TO STUDY LAWS, REGULATIONS AND POLICIES WHICH AFFECT DEPOSITORY FINANCIAL INSTITUTIONS

I. INTRODUCTION

In 1983 the 62nd Session of the Legislature adopted Senate Concurrent Resolution No. 49 which required the legislative commission to study federal and state laws, regulations and policies which affect Nevada's depository financial institutions. The legislative commission appointed a subcommittee to conduct the study. The members of the subcommittee were:

Senator Robert E. Robinson, Chairman
Assemblyman Shelley L. Berkley, Vice Chairman
Senator Bob Ryan
Senator Randolph J. Townsend
Assemblyman Charles Joerg
Assemblyman Bob L. Kerns
Assemblyman Robert E. Price

The subcommittee held five meetings. The first meeting was held in Carson City, and was devoted to reviewing recent changes in the regulation of depository financial institutions and other proposals for changes in the near future. The second and third meetings were held in Las Vegas, and were devoted primarily to considering a proposal to amend Nevada law to allow Citicorp to establish a regional center in Nevada for its operations relating to credit cards. The fourth meeting, held in Carson City, focused upon mortgage companies and possible changes in the law to protect investors if a mortgage company fails. The subcommittee made its findings and recommendations at its fifth meeting, which was also held in Carson City.

The subcommittee heard testimony from representatives of all types of financial institutions, representatives of insurance agents and companies, and interested citizens. Representatives of Nevada's department of commerce provided expertise and greatly aided the subcommittee in its study of this complex and rapidly changing subject.

II. FINDINGS AND RECOMMENDATIONS

A. INTERSTATE BANKING

A bank holding company which owns a bank in one state cannot acquire a bank in another state unless the law of the state in which the bank is to be acquired specifically authorizes such an acquisition.[1] This strict prohibition has been circumvented by technical application of the definition of the word "bank." A "bank" makes commercial loans and accepts deposits which are payable on demand.[2] If a company eliminates one of the two activities (commercial loans or deposits), it is not a bank within the meaning of the statutes which prohibit interstate banking. Congress is now faced with a choice: either sanction such banks or eliminate the loophole. If Congress chooses to sanction these "nonbanks," it can either authorize unrestricted interstate banking (eliminating the need for the banks to limit their activities) or it can approve the existing practice (allowing interstate banking by "nonbanks"). If Congress chooses to close the loophole, the law might require divestiture of any banks which were acquired in a state which has not authorized interstate banking.

The other major issue facing Congress is whether or not to expand the powers of banks. Banks contend that they need the additional powers to compete with companies which offer the same services as a bank in addition to selling insurance, securities and real estate, but which are not subject to the same strict regulation. Banks argue that if these companies can provide banking services, then banks should be allowed to provide some of the competitors' services. Opponents of expanded powers for banks contend that banks are failing at a record rate, and to allow banks to invest depositors' money in other ventures would only encourage reckless actions which would undermine the stability of the banking system.

On February 6, 1984, the legislature of New Mexico defeated a bill which would have allowed Citicorp to establish a bank in that state.[3] Citicorp had planned to establish a regional center for its operations relating to credit cards. After New Mexico rejected the proposal, Citicorp focused its attention on Nevada.

Under federal law, Citicorp could acquire a bank in Nevada only if Nevada's law expressly permitted such an acquisition by a holding company from another state.[4] Some of the activities Citicorp proposed for its new branch required that the company acquire a bank, and before

acquiring a bank in Nevada the law would have to be changed. Citicorp represented that its operation in South Dakota was rapidly approaching its capacity, and it could not wait for the next regular session of the legislature to pass the needed legislation.

Representatives of Nevada's department of commerce and Citicorp and members of this subcommittee worked to develop a proposed bill which would allow Citicorp to conduct its intended activities and would protect the businesses of this state. After an initial period of reservation, reaction to the proposal became increasingly positive. Support for the proposal came not only from the financial community, but from businesses which would benefit from economic expansion in Nevada. Even those who initially opposed Citicorp began to support the proposal when they realized that the proposed bill would protect their interests. On March 8, 1984, the subcommittee heard endorsements for Citicorp from a diverse group of interested Nevadans, headed by representatives of the Nevada Development Authority. After hearing this impressive display of support and reviewing the proposed bill, the subcommittee approved the proposed bill and presented it to the legislative commission as a preliminary subcommittee report to be used as a basis for legislation for the proposed special session of the legislature to consider Citicorp's proposal.

On March 29, 1984, the Fifteenth Special Session of the Nevada Legislature convened to consider the proposal. After an amendment to resolve a controversy relating to retail installment contracts, Senate Bill No. 2 passed and was signed into law by Governor Richard H. Bryan on March 30, 1984.[5] The act allows a bank holding company from any state to acquire a bank in Nevada, but limits the scope of the company's activities.

Another possible method for allowing banks from other states to expand into Nevada is to authorize regional interstate banking, whereby a bank in one state in the region may acquire a bank in another state in the region if both states pass compatible legislation. Such a bank would not be subject to the limitations imposed on Citicorp by the Nevada law. Several New England states have passed laws which allow interstate banking among states in that region. The State of Utah has passed such a law, naming Nevada as one of the states in the proposed region.[6] The subcommittee, therefore, recommends:

> Considering a bill which would allow interstate banking in the region described in the legislation enacted in Utah. (BDR 55-171)

Many of the amendments which are necessary to conform Nevada's laws with Utah's proposal are technical in nature. The bill prepared for this report is in skeleton form so as to present the substantive changes which will be made to Nevada's laws without presenting confusing technical changes.

B. TAXATION

The Nevada constitution exempts shares of stock from taxation, but excludes shares of banking corporations.[7] As interpreted by chapter 367 of NRS, the result is that bank shares are taxed while the shares of other financial institutions are not. The 62nd Session of the Nevada Legislature passed a proposed constitutional amendment, Senate Joint Resolution No. 3, which would eliminate this discrepancy by including shares of stock in banking corporations in the exemption from taxation (by removing the exception). The subcommittee heard testimony from representatives of the department of taxation in support of S.J.R. 3. Though passage of the resolution would cause the state to lose the revenue received from the current taxation of the shares, the subcommittee feels that it is fundamentally unfair to tax shares of stock in banking corporations and not to tax the shares of other financial institutions which have the same or similar powers. The subcommittee, therefore, recommends:

> Approving S.J.R. 3 of the 62nd Session of the Legislature.

The department of taxation has had difficulty in assessing the shares of stock in banking corporations because some banks have not submitted the annual reports required by law. The statutes do not specify a penalty for such a failure to submit the reports. To aid the department of taxation in its task of assessing the shares of stock in banking corporations, the subcommittee recommends:

> Imposing a penalty upon any bank which does not submit an annual report to the department of taxation. (BDR 32-170)

The Nevada tax commission establishes the final valuations of shares of stock in banking corporations. Assessments resulting from other valuations made by the commission may be appealed to the state board of equalization, but there is no statutory provision with regard to valuations of shares of stock in banking corporations. The subcommittee, therefore, recommends:

Allowing banks to appeal assessments resulting from valuations made by the Nevada tax commission to the state board of equalization. (BDR 32-170)

C. MORTGAGE COMPANIES

The subcommittee studied the laws relating to mortgage companies in an attempt to determine the cause of recent failures of mortgage companies and the resulting losses to investors. The subcommittee discovered that the primary cause of the losses was the misuse of trust funds, that is, money held in escrow pending completion of a loan and money collected from borrowers which was to be paid to lenders. The legislature cannot prevent fraud and embezzlement, but action can be taken to limit the damage caused by those who break the law. The subcommittee considered removing the authority of mortgage companies to handle their own escrows, but rejected the idea. Many mortgage companies have handled their clients' money for years without misappropriating any of the money. It is a service that the companies can offer to investors and borrowers as an inducement to use the companies' other services. If the power is taken from them, there is no assurance that escrow agents would not commit the same offenses alledgedly committed by mortgage companies. The subcommittee preferred the idea of simply requiring more security from companies which choose to maintain these accounts. The subcommittee, therefore, recommends:

Creating two classes of licenses for mortgage companies, one of which authorizes companies to maintain trust accounts. Companies so authorized must maintain a higher bond and fidelity insurance for employees. Contributions to the fund for mortgage investors would be based on the size of the company and the class of license. (BDR 54-169)

Another problem facing investors is the possibility that the security given for loans is insufficient because the title to the secured real property is not as represented. The subcommittee, therefore, recommends:

Requiring title insurance for all mortgages placed through mortgage companies by investors who are not financial institutions and for all notes secured by liens on real property which are transferred by mortgage companies. (BDR 54-169)

The administrator of financial institutions is responsible for regulating mortgage companies. It is impossible for the division of financial institutions to perform a complete audit of all mortgage companies. The cost of requiring companies to pay for independent audits, even on a biennial basis, would force many smaller companies out of business. The subcommittee, therefore, recommends:

> Requiring an annual audited statement by an independent accountant for each mortgage company which makes a large number of loans or lends a large sum of money. (BDR 54-169)

The legislature cannot prevent a dishonest person from cheating an investor. The law already makes such conduct a felony (or a misdemeanor if a very small amount of money is taken).[8] It is the duty of our law enforcement agencies, our prosecuting attorneys and our courts to ensure that the laws are enforced against persons who misappropriate investors' money. The subcommittee rejected a proposal to increase penalties for crimes relating to fraud and embezzlement because existing laws, if adequately enforced, provide sufficient penalties.

The department of commerce has encountered two related problems concerning small loan companies. Current law authorizes the administrator of financial institutions to allow a small loan company to share premises with another business. The law does not specify how to regulate such arrangements. Without specific authority to regulate the activity of companies which share premises, the department of commerce will not approve the sharing of premises. At issue is a question of policy which should be specifically addressed by the legislature. The subcommittee, therefore, recommends:

> Deciding whether to allow small loan companies to share premises with other businesses, including mortgage companies. A bill draft which allows such sharing (BDR 56-172) is intended to raise the following question of policy:
>
> Is it in the public interest of Nevada to allow a mortgage company licensed pursuant to chapter 645B of NRS to share premises with a small loan company licensed pursuant to chapter 675 of NRS so as to provide less costly financial services to the public and to compete more effectively in the Nevada market, if the joint activities can be properly regulated to enforce the provisions of the law applicable to each individual enterprise?

A related question is whether or not a mortgage company is or should be allowed to make small loans which are not secured by liens on real property. The question is related because allowing a mortgage company to make such loans will have the same basic result as would allowing a small loan company to share premises with a mortgage company: loans of any amount, some secured by liens on real property, would be available in one location. The subcommittee, therefore, recommends:

> Allowing mortgage companies to make small loans which are not secured by liens on real property. (BDR 56-172)

One reason the subcommittee did not recommend that mortgage companies be prohibited from handling their own escrows is that escrow agents could misappropriate money as easily as could a mortgage company which handles its own escrows. The subcommittee was told that most escrow agents are not licensed pursuant to chapter 645A of NRS because of the broad exemption included in that chapter.[9] The portion of that exemption which most concerned representatives of the department of commerce exempts persons domiciled within the premises of a title insurance company or underwritten title company from the provisions of chapter 645A of NRS.[10] The insurance activities of title insurance companies are regulated by the commissioner of insurance,[11] but their activities related to escrows are unregulated. The subcommittee, therefore, recommends:

> Removing the exemption from chapter 645A of NRS for escrow agents domiciled within the premises of a title insurance company or underwritten title company. (BDR 54-169)

D. INSURANCE

One of the changes being considered by Congress is to allow banks to sell insurance. South Dakota has passed legislation allowing banks in that state to sell insurance.[12] This action will probably be preempted by future federal legislation which will either (1) allow banks to sell insurance, (2) allow banks to sell insurance in states which authorize the practice, or (3) prohibit banks from selling insurance. Until action is taken in Congress, an attempt by a state to authorize its banks to sell insurance would be an exercise in futility. No person appearing

before the subcommittee supported the idea, and several warned of the dangers. Banks, as lenders, could influence potential borrowers' decisions regarding insurance. A depositor would risk the hazards which accompany usual banking investments and the additional risks which accompany insurance, such as unexpectedly high claims. Another possible abuse concerns the deduction from the premium tax which is allowed for maintaining a principal home office in Nevada. A bank which sells insurance in its bank could claim the entire amount of ad valorem tax paid on the building against its premium tax.[13] As the possibility for abuse of this provision already exists, the subcommittee recommends:

> Requiring the insurance division of the department of commerce to study the reduction of the premium tax by the deduction for a "principal home office." (BDR 233)

As federal legislation may result in banks' selling insurance even without state approval, the subcommittee considered what action the legislature should take if the federal law does not prohibit state regulation. The commissioner of insurance suggested legislation which would define certain conduct as unfair trade practices. It was also suggested that keeping banks and insurance companies as separate entities would minimize the risk of deposits being lost through investments in insurance. If federal legislation is passed which allows banks to sell insurance, the subcommittee recommends:

> 1. Prohibiting practices which would allow banks to influence a borrower's decision regarding insurance (See Appendix A for suggestions of the commissioner of insurance).
>
> 2. Requiring that banks and insurance companies be operated independently, with no mingling of assets and with separate accounting.

III. FOOTNOTES

1. 12 U.S.C. § 1842(d).
2. 12 U.S.C. § 1841(c).
3. House Bill 216, 1984 New Mex. Second Session.
4. 12 U.S.C. § 1842(d).
5. Chapter 2, Statutes of Nevada 1984.
6. Senate Bill 9, 1984 Utah Second Special Session.
7. Section 1 of article 10 of the constitution of the State of Nevada.
8. NRS 205.220, 205.300, 205.330 and 205.365.
9. NRS 645A.190.
10. Subsection 1 of NRS 645A.190.
11. Chapter 692A of NRS.
12. S.D. Compiled Laws Ann. § 51-18-30.
13. Subsection 1 of NRS 680B.050.

IV. SELECTED REFERENCES

Coyne, Colleen A., "Deregulation of the Banking Industry in the 1980's," West Virginia Law Review, Fall 1983, pp. 189-226.

Hanauer, Gary, "A Brave New World For Banking Law," California Lawyer, Volume 4, No. 8, August 1984, pp. 24-28.

McCollam, M.E., "Interstate Branch Banking: That Someday is Today," Washburn Law Journal, Volume 21, No. 2, 1982, pp. 266-287.

V. APPEARANCES

The following is a list of the names of persons who appeared before the committee:

Phil Arce
President
Greater Las Vegas Chamber of Commerce
Las Vegas, Nevada

Rennie Ashleman
Attorney at Law
Reno, Nevada

Senator Keith Ashworth
Clark County, District No. 6
Las Vegas, Nevada

Bob Barengo
Attorney at Law
Reno, Nevada

Bob Beach
Western Thrift of Nevada

Jim Bradham
President
American Bank of Commerce
Las Vegas, Nevada

Walt Casey
Walt Casey's Water Conditioning
Las Vegas, Nevada

James Cashman III
President-elect
Nevada Development Authority

Hank Chisholm
Las Vegas, Nevada

Fay Connor
President
Horizon Financial Corporation
Reno, Nevada

Josephine Cowperthwaite
Chief, Division of Assessment Standards
Department of Taxation
Carson City, Nevada

Brock Davis
General Manager
Certified Capital Correspondent Inc.
Las Vegas, Nevada

Bob Erickson
Manager
Erickson Mortgage and Investment Company
Fallon, Nevada

Richard Garrod
Farmers Insurance Group

David Gates
Counsel, Insurance Division
Department of Commerce
Carson City, Nevada

Bruce Gonyea
Pioneer Mortgage Corporation
Las Vegas, Nevada

Dr. Kenny Guinn
President
Nevada Savings and Loan Association
Las Vegas, Nevada

Don Hays
Las Vegas, Nevada

James W. Johnson
Executive Vice-president, Secretary
Nevada Bankers Association
Reno, Nevada

Dan Kashton
Las Vegas, Nevada

Bill Lowman
Director, Nevada School of Arts
Vice President, Summa Corporation
Las Vegas, Nevada

Don Manoukian
Partner
Johnny Rabero Builder Inc.

Lamar Marchese
President
Nevada Arts Alliance

William E. Martin
President
Nevada National Bank

Richard G. McCrossen
President
Citibank
South Dakota

Paul Mechum
President
Clark County Community College
Las Vegas, Nevada

Bill Middleton
President, North Las Vegas
Chamber of Commerce
North Las Vegas, Nevada

Berlyn Miller
President
Nevada Development Authority

Ted Nicothodes
President
United Mortgage Company
Las Vegas, Nevada

Dan Poggione
President
Realty Mortgage Company, Inc.
Reno, Nevada

Irene Porter
Executive Director
Southern Nevada Home Builders Association
Las Vegas, Nevada

Mike Saltman
Real Estate Developer
Las Vegas, Nevada

Buster Sewell
Deputy Secretary of State
Securities Division
Carson City, Nevada

Mary Short
Deputy Administrator of Financial Institutions
Department of Commerce
Carson City, Nevada

Sidney Stern
Nevada First Thrift

Wallace Stevenson
Mortgage broker
Associated Realty Corp.
Reno, Nevada

Larry Struve
Director
Department of Commerce
Las Vegas, Nevada

Kevin Sullivan
Commissioner of Insurance
Insurance Division
Department of Commerce
Carson City, Nevada

R.G. Taylor
Chairman of the Board
First Western Savings and Loan

Mark Torst
President
Advanced Financial Corporation
Reno, Nevada

James Wadhams
Representative
Nevada Independent Insurance Agents
Las Vegas, Nevada

Scott Walshaw
Administrator of Financial Institutions
Department of Commerce
Carson City, Nevada

Janet White
Owner, Assured Real Estate
Investments and Loans
Reno, Nevada

Richard A. Wiebe
Regional Director of Public Affairs
Alliance of American Insurers
San Francisco, California

Vern Willis
Senior Vice President
Braun Bosworth

Fred M. Winkler
General Counsel
Citibank
South Dakota

APPENDICES

APPENDIX A

1. No lender or credit granting institution may direct or encourage a debtor to purchase insurance coverage from any agency or company affiliated with it.

2. Any lender which requires, or encourages the purchase of, insurance for added protection of its interests must inform the debtor of the absolute right to purchase insurance from an agent of the debtor's choice. The lender may not mention, or otherwise note, the name of an affiliated agency except that it may be contained in a non-distinguished manner, in a list of substantially all of the agencies in the locale requested by the debtor.

3. Any lender or agency affiliated with a lender which solicits insurance in conjunction with loan or other extension of credit shall indicate that the insured has the right to purchase insurance from agents of his own choice.

4. No lender may withhold approval of a policy of insurance as additional security for a loan so long as it contains basic coverage necessary to protect the interest of the lender and is placed in a company authorized to do business in the State of Nevada.

5. Any lender which prepares or provides a listing of its clients to be used in the solicitation of insurance shall provide it, at a cost not to exceed the marginal cost to produce that list, to any insurer or agent who requests it.

6. No loan officer or other individual involved in the approval or granting of credit may be licensed to sell insurance other than credit life and credit property.

7. The granting of credit shall in no way be conditioned upon the purchase of insurance through an affiliated company or agency.

8. No application for credit may require the name of the insurer or agency that will provide coverage nor may the prospective debtor be required to disclose this information until after the application for a loan has been approved.

9. No agent or employee of a company or agency affiliated with the requesting lender may provide information on whether or not an application for insurance is pending on behalf of an applicant for a loan until the application for credit is approved.

10. In addition to any applicable fine, suspension or revocation, any person licensed under Title 57 of NRS and any other licensee must pay three times the charge for insurance to any applicant aggrieved by violation of these requirements.

APPENDIX B

Suggested Legislation

SUMMARY--Revises laws relating to mortgage companies to increase protection for investors. (BDR 54-169)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

AN ACT relating to mortgage companies; creating two classes of licenses; requiring title insurance for certain transactions; requiring annual audits of large companies; requiring escrow agents who work for title insurance or underwritten title companies to be licensed; and providing other matters properly relating thereto.

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

Section 1. NRS 645A.190 is hereby amended to read as follows:

645A.190 The provisions of this chapter do not apply to:

1. Any person doing business under the laws of this state or the United States relating to banks, mutual savings banks, trust companies, savings and loan associations, common and consumer finance companies, industrial loan companies, insurance companies [, underwritten title companies or escrow companies domiciled within the premises of a title insurance company or an underwritten title company,] or any person licensed by the administrator while performing acts in the course of or incidental to his real estate business.

2. An attorney at law rendering services in the performance of his duties as attorney at law, except an attorney actively engaged in conducting an escrow agency.

3. Any firm or corporation which lends money on real or personal property and is subject to licensing, supervision or auditing by a federal or state agency.

4. Any person doing any act under order of any court.

Sec. 2. Chapter 645B of NRS is hereby amended by adding thereto the provisions set forth as sections 3 to 7, inclusive, of this act.

Sec. 3. A license issued to a mortgage company by the administrator must specify one of two classes. A "class I" license entitles a mortgage company to maintain trust accounts containing the money of other persons. The holder of a "class II" license must not maintain trust accounts. Both classes authorize all other activities conducted by mortgage companies.

Sec. 4. A mortgage company which holds a class II license must not maintain any of the accounts described in NRS 645B.165 to 645B.180, inclusive. Those provisions apply to holders of class I licenses and to any company which maintains such accounts for a class II licensee.

Sec. 5. Before the administrator issues a class I license, the mortgage company must file with the administrator a collective fidelity bond covering all of the company's employees in the amount of $1,000,000. This bond must be maintained in addition to the bonds or fees required pursuant to NRS 645B.030, 645B.040 and 645B.054.

Sec. 6. Title insurance must be obtained for:

1. A loan secured by a lien on real property if the loan is placed through a mortgage company for an investor who is not a financial institution; and

2. The transfer by a mortgage company to an investor who is not a financial institution of a note secured by a lien on real property.

Sec. 7. A mortgage company which originates in this state in any fiscal year:

1. Any number of loans if the total volume is $1,000,000 or more; or

2. Fifty or more loans if the total volume is $500,000 or more,

shall submit to the administrator within 6 months after the

close of the fiscal year a certified copy of an audit conducted by a certified public accountant who is not affiliated with the mortgage company or a firm of such accountants. The accountant or firm must be approved by the administrator. The administrator may prescribe the scope of the audit.

Sec. 8. NRS 645B.020 is hereby amended to read as follows:

645B.020 1. A license as a mortgage company may be obtained by filing a written application in the office of the administrator.

2. The application must:

(a) Indicate the class of license for which the application is made.

(b) Be verified.

[(b)] (c) State the location of the applicant's principal office and branch offices in the state.

[(c)] (d) State the name under which the applicant will conduct business.

[(d)] (e) List the names, residence and business addresses of all persons having an interest in the business as principals, partners, officers, trustees and directors, specifying the capacity and title of each.

[(e)] (f) Indicate the general plan and character of the business.

[(f)] (g) State the length of time the applicant has been engaged in the mortgage company business.

[(g) Require] (h) Include a financial statement of the applicant.

[(h) Require] (i) Include such other information as the administrator determines necessary.

3. If the administrator determines after investigation that the experience, character, financial condition, business reputation and general fitness of the applicant are such as to command the confidence of the public and , if the application is for a class I license, to warrant the belief that the handling of money deposited for taxes and insurance premiums or otherwise held in escrow or trust accounts as provided in this chapter will protect and safeguard the public, he shall issue a license to the applicant as a mortgage company.

Sec. 9. NRS 645B.030 is hereby amended to read as follows:

645B.030 1. Except as otherwise provided in this section, at the time of filing an application for a mortgage

company's license, the applicant must deposit with the administrator:

(a) A corporate surety bond payable to the administrator on behalf of the fund for mortgage investors, in an amount, to be determined by the administrator, no less than [$25,000,] $50,000 for an application for a class II license or $25,000 for a class I license, executed by a corporate surety satisfactory to the administrator and signed by one or more sureties approved by the administrator, whose liabilities as sureties need not exceed the amount of the bond in the aggregate; or

(b) An irrevocable letter of credit upon which the applicant is the obligor, issued by a bank approved by the administrator, whose deposits are insured by the Federal Deposit Insurance Corporation.

2. The bond or letter of credit must be conditioned that the applicant shall conduct the business in accordance with the provisions of this chapter and all regulations adopted by the administrator and pay all money that becomes due. The terms of the bond or letter of credit must be approved by the administrator.

3. In lieu of depositing a bond or letter of credit, an applicant may deposit with the state treasurer, under terms

prescribed by the division of financial institutions of the department of commerce:

(a) Money of the United States in an amount equal to the amount of the required bond; or

(b) A savings certificate of a federally insured financial institution in this state for an amount payable which is equal to the amount of the required bond and which is not available for withdrawal except by direct order of the administrator. Interest earned under the certificate accrues to the account of the applicant.

4. If the applicant obtains a mortgage company's license, any deposit he has made pursuant to this section may be retained by the administrator until the licensee qualifies to pay the annual fee for claims against persons licensed under this chapter.

Sec. 10. NRS 645B.050 is hereby amended to read as follows:

645B.050 1. A mortgage company's license expires June 30 next after the date of issuance if it is not renewed. A license may be renewed by filing an application for renewal and paying the annual fee for a license for the succeeding year. The application and payment must be received by the administrator on or before June 30 next preceding the expiration date. If the application or payment is not received

by June 30, the license is canceled. The administrator may reinstate the license if the licensee pays the filing fee and a reinstatement fee of $200.

2. [The] Unless an audit is required pursuant to section 7 of this act, the administrator shall require a licensee to deliver a financial statement prepared from his books and records by a public accountant who is certified or registered in this state. The financial statement must be dated not earlier than the close of the latest fiscal year of the company and must be submitted within 60 days thereafter.

3. The filing fees are:

(a) For filing an original application, $200 for the principal office and $40 for each branch office. The applicant shall also pay such additional expenses incurred in the process of investigation as the administrator deems necessary. All money received by the administrator pursuant to this paragraph must be placed in the investigative fund created by NRS 232.285.

(b) If the license is approved for issuance, $300 for the principal office and $60 for each branch office before issuance.

(c) For filing an application for renewal, $500.

(d) For filing an application for a duplicate copy of any license, upon satisfactory showing of its loss, $10.

4. Except as otherwise provided in this chapter, all fees received under this chapter must be deposited in the state treasury for credit to the state general fund.

Sec. 11. NRS 645B.054 is hereby amended to read as follows:

645B.054 1. After a licensee has transacted business in this state as a mortgage company for 2 consecutive years, the administrator shall relieve him of the requirement of depositing a bond or letter of credit pursuant to NRS 645B.030 or 645B.040 if he pays the annual fee pursuant to subsection 2.

2. Each licensee who is relieved of the requirement of depositing a bond or letter of credit, shall pay by June 30 of each year, in addition to the fee for renewal, a fee for claims against persons licensed under this chapter, to be deposited in the state treasury for credit to the fund for mortgage investors. The initial amount of this fee is $500. After the fund reaches a balance of $1,000,000, the administrator shall establish this fee as a percentage of the volume of loans in dollars originated in this state in the preceding calendar year by each mortgage company [.] which holds a class I license. A mortgage company which holds a

class II license must pay this fee at a rate which is one-half of the percentage applicable to a company which holds a class I license. The percentage must be established at such a rate that the balance in the fund under normal circumstances is not reduced substantially below $1,000,000.

3. If, after July 1, 1985, the balance in the fund is less than $100,000, the administrator shall establish and collect from each licensee required to pay the annual fee pursuant to subsection 2, at the time that fee is paid, an assessment in an amount which is sufficient to increase the balance to at least $100,000. The administrator may establish and collect such an assessment only once in any 1 year.

Sec. 12. NRS 645B.057 is hereby amended to read as follows:

645B.057 If the administrator pays any amount of money from the fund for mortgage investors in settlement of a claim or toward the satisfaction of a judgment against a licensee who has not been relieved of the requirement of depositing a bond or letter of credit, the administrator may, on behalf of the fund, commence an action to recover against the bond or letter of credit. The administrator also may, on behalf of the fund, commence an action to recover against a fidelity bond filed pursuant to section 5 of this act. Any amount recovered by the administrator pursuant to

this section must be deposited in the state treasury for credit to the fund.

Sec. 13. 1. A mortgage company which was licensed before July 1, 1985, must apply for a class I or II license when it next applies for renewal of its license.

Sec. 14. Section 1 of this act becomes effective on January 1, 1986.

SUMMARY--Imposes penalty upon bank for failure to file report and allows appeal of valuation of shares of bank. (BDR 32-170)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: Yes.

AN ACT relating to the taxation of banks; imposing a penalty upon a bank for failure to file an annual report; providing for an appeal to the state board of equalization from an assessment resulting from a valuation by the Nevada tax commission; and providing other matters properly relating thereto.

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

Section 1. NRS 361.403 is hereby amended to read as follows:

361.403 1. Any person, firm, company, association or corporation, claiming overvaluation or excessive valuation of its property in this state; or

2. Any representative of any local government entity or the department claiming undervaluation, overvaluation or nonassessment of any property in the state,

solely by reason of the valuation placed thereon by the Nevada tax commission pursuant to NRS 361.320, 361.323 [or 361.325,] , 361.325 or 367.050, is entitled to a hearing

before the state board of equalization to protest any assessment resulting therefrom, without appearing before or requesting relief from the county board of equalization. If a hearing is held, evidence of the valuation of the property in which the value is determined by using appropriate appraisal standards must be submitted to the state board of equalization.

Sec. 2. Chapter 367 of NRS is hereby amended by adding thereto a new section to read as follows:

If a bank fails to submit the report required in subsection 1 of NRS 367.050 on or before the required date, the Nevada tax commission shall impose a penalty of $1,000 or 5 percent of the total tax assessed upon the shares of the bank, whichever is greater. All money collected pursuant to this section must be deposited in the state general fund.

Sec. 3. NRS 367.050 is hereby amended to read as follows:

367.050 1. On or before August 1 of each year, each bank which is located or has a branch located in this state shall report to the department, upon forms which shall be prescribed by the department:

(a) The quarterly amounts of its cash, demand deposits, time deposits and total deposits for the preceding fiscal year; and

(b) A list showing the total deposits in its principal

office and in each of its branches at the close of the last business day of the preceding fiscal year, segregated according to the county in which such office and each branch is situated.

2. On or before September 1 of each year, each county assessor shall transmit to the department a list showing the taxable value of each parcel of real property in his county which is assessed to a bank for the current fiscal year.

3. The [department] Nevada tax commission shall annually, at its regular meeting beginning on the 1st Monday in October, determine:

(a) The aggregate taxable capital of each bank which is located or has a branch located in this state; and

(b) The proportion of such aggregate taxable capital which is required to be assessed in each county of the state.

4. On or before the 1st Monday in December, the department shall transmit to each county assessor the amount of the aggregate taxable capital of each bank which is required to be assessed in his county, and each assessor shall adopt as the taxable value of the shares of stock of each such bank the amounts so shown.

Sec. 4. NRS 367.060 is hereby amended to read as follows:

367.060 Every bank shall pay to the tax collector or other person authorized to collect the taxes of the state,

county, city, town or district in which the shares of stock are assessed as provided in this chapter, at the time in each year when other taxes assessed in the state, county, city, town or district become due, the amount of the tax so assessed in such year upon the shares in such bank [, and if] and any penalty imposed pursuant to section 2 of this act. If the tax is not so paid the bank [shall be] is liable for the [same] tax and for equal penalties provided by law in the collection of delinquent taxes upon other property.

SUMMARY--Allows interstate banking among designated western states. (BDR 55-171)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

AN ACT relating to depository financial institutions; providing in skeleton form for interstate banking among western states; specifying the states in which such banking is allowed; limiting the applicability of certain provisions to states which pass corresponding compatible legislation; and providing other matters properly relating thereto.

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

Section 1. Chapter 657 of NRS is hereby amended by adding thereto a new section to read as follows:

"Depository institution" means any bank, savings and loan association, savings bank, thrift company, credit union or other institution which:

1. Holds or receives deposits, savings or share accounts;

2. Issues certificates of deposit; or

3. Provides to its customers other depository accounts which are subject to withdrawal by checks, drafts or other instruments or by electronic means to effect payment to a third party.

Sec. 2. NRS 657.005 is hereby amended to read as follows:

657.005 As used in this Title, except as otherwise specifically provided or the context otherwise requires, the words and terms defined in NRS 657.011 to 657.085, inclusive, and section 1 of this act have the meanings ascribed to them in such sections.

Sec. 3. Chapter 665 of NRS is hereby amended by adding thereto the provisions set forth as sections 4 and 5 of this act.

Sec. 4. If the administrator finds that it is in the public interest and necessary to protect the depositors and other customers of a depository institution he may:

1. Examine the books and records of the holding company which controls that depository institution and require the holding company to furnish such reports as he considers appropriate for the proper supervision of the company's subsidiaries which are depository institutions; and

2. After notice and opportunity for hearing, require the holding company to take any action he finds reasonable and necessary to protect the interest of depositors, other customers and creditors of any subsidiary depository institution, to maintain its solvency or to prevent its failure.

Sec. 5. 1. The administrator shall receive and place on file in his office all reports required by law and shall certify all reports required to be published. The reports filed with or prepared by the division of financial institutions and other information obtained from a depository institution are not public records and are not open for public inspection except as provided in this section.

2. The following records and information are open to the public:

(a) Information contained in an application filed pursuant to sections 7 to 24, inclusive, of this act, unless the applicant requests confidentiality and the administrator grants the request; and

(b) Any other information which by specific statute is made generally available to the public.

3. The records and information described in subsection 1 may be disclosed to:

(a) An agency of the Federal Government or of another state which regulates the financial institution which is the subject of the records or information;

(b) An entity which insures or guarantees deposits;

(c) A public officer authorized to investigate criminal

charges in connection with the affairs of the depository institution;

(d) A person preparing a proposal for merging with or acquiring an institution or holding company pursuant to sections 7 to 24, inclusive, of this act, but only after notice of the disclosure has been given to the institution or holding company;

(e) Any person to whom the subject of the report has authorized the disclosure;

(f) Any other person if the administrator determines, after notice and opportunity for hearing, that disclosure is in the public interest and outweighs any potential harm to the depository institution and its shareholder, members, depositors and creditors; and

(g) Any court in a proceeding initiated by the administrator concerning the financial institution.

Sec. 6. Chapter 666 of NRS is hereby amended by adding thereto the provisions set forth as sections 7 to 24, inclusive, of this act.

Sec. 7. As used in sections 7 to 24, inclusive, of this act, the words and terms defined in sections 8 to 13, inclusive, of this act, have the meanings ascribed to them in those sections.

Sec. 8. "Acquire" means:

1. Acquire control;

2. Acquire all or substantially all assets; or

3. Assume all liabilities for deposits.

Sec. 9. "Control" means the power, directly or indirectly, to:

1. Direct or exercise a controlling influence over the management or policies of a depository institution or the election of a majority of the directors or trustees of an institution; or

2. Vote:

(a) Twenty percent or more of any class of voting securities of a depository institution if excercised by a natural person; or

(b) More than 5 percent of any class of voting securities of a depository institution if exercised by a person other than a natural person.

Sec. 10. "Foreign depository institution" means a depository institution whose home office is located in and whose operations are principally conducted in a reciprocal state.

Sec. 11. "Holding company for a foreign depository institution" means a holding company whose subsidiary depository institutions principally conduct their operations in a reciprocal state.

Sec. 12. Operations are "principally conducted" where the largest percentage of aggregate deposits of a depository institution or all subsidiaries of a holding company which are depository institutions are held.

Sec. 13. "Reciprocal state" means any one of the states of Alaska, Arizona, Colorado, Hawaii, Idaho, Montana, New Mexico, Oregon, Utah, Washington or Wyoming.

Sec. 14. 1. Except as provided in NRS 678.342, sections 20 to 24, inclusive, of this act, and sections 2, 3 and 4 of chapter 2, Statutes of Nevada 1984, any acquisition of or merger with a depository institution or a holding company whose operations are principally conducted in this state by a foreign depository institution or a holding company for a foreign depository institution is permissible only if the reciprocal state in which the foreign depository institution or holding company principally conducts its operations has enacted legislation which allows a depository institution or holding company in Nevada to acquire or merge with a depository institution or holding company in that state under terms and conditions which are substantially comparable to those which apply in Nevada to such acquisitions and mergers.

2. The administrator may not approve the acquisition of

or merger with a depository institution or a holding company whose operations are principally conducted in this state by a foreign depository institution or a holding company for a foreign depository institution unless if he finds, after notice and opportunity for hearing, that the laws of the reciprocal state in which the foreign depository institution or holding company conducts its business meet the requirements of subsection 1.

Sec. 15. 1. Unless the administrator gives prior written approval, no person may:

(a) Acquire, directly or indirectly, a depository institution or holding company whose operations are principally conducted in this state;

(b) Vote the stock of a depository institution or holding company acquired in violation of paragraph (a);

(c) Acquire, directly or indirectly, the voting or nonvoting securities of a depository institution or a holding company whose operations are principally conducted in this state if the acquisition would result in that person's obtaining more than 20 percent of the authorized voting securities of the institution or company if the nonvoting securities were converted into voting securities; or

(d) Merge or consolidate with a depository institution or

a holding company whose operations are principally conducted in this state.

2. Any person who willfully violates any provision of this section or any regulation adopted by the administrator pursuant to this section is guilty of a misdemeanor. Each day during which the violation continues constitutes a separate offense.

3. The administrator may obtain injunctive relief to prevent any change in control or impending violation of this section.

Sec. 16. 1. Application to the administrator for approval must be on a form prescribed by the administrator and must include:

(a) The fee prescribed by the administrator;

(b) Information which the administrator requires to make the findings specified in subsection 3; and

(c) Unless the applicant is a resident of Nevada, a corporation organized in this state or a foreign corporation admitted to do business in this state, a written consent to service of process on a resident of this state in any action arising out of the applicant's activities in this state.

2. The administrator shall issue his written decision within 60 days after receiving a completed application. The administrator may approve the application subject to any

terms and conditions which he considers necessary to protect the public interest.

3. The administrator may disapprove an application if he finds:

(a) That the proposed transaction would be detrimental to the safety and soundness of the applicant, to any institution which is a party to the transaction, or to a subsidiary or affiliate of that institution;

(b) The applicant, its executive officers, directors or principal stockholders have not established a record of sound performance, efficient management, financial responsibility and integrity so that it would be against the interest of the depositors, other customers, creditors or shareholders of an institution, or the public to authorize the proposed transaction;

(c) The financial condition of the applicant or any other institution which is a participant in the proposed transaction might jeopardize the financial stability of the applicant or other institution, or prejudice the interests of depositors or other customers of the applicant or other institutions;

(d) The consummation of the proposed transaction will tend to substantially lessen competition, unless the administrator finds that the anticompetitive effects of the proposed

transaction are clearly outweighed by the benefit of meeting the convenience and needs of the relevant market to be served; or

(e) The applicant has not established a record of meeting the needs for credit of the communities which it or its subsidiary depository institution serves.

Sec. 17. The administrator may examine and supervise any foreign depository institution or holding company which has been authorized to do business in this state pursuant to section 14 of this act. Such institutions and holding companies are subject to regulation in the same manner as institutions and holding companies organized under the laws of this state and must pay the same fees for supervision and examination.

Sec. 18. Except as provided in sections 19 to 24, inclusive, of this act, no foreign depository institution or holding company whose operations are principally conducted in a reciprocal state may acquire or merge with a depository institution organized under the laws of this state or a holding company whose operations are principally conducted in this state unless the institution or holding company to be acquired has been in operation for 5 years.

Sec. 19. As used in sections 19 to 24, inclusive, of this act, unless the context otherwise requires:

1. "Deposits from Nevada" means the aggregate of all deposits obtained from residents of Nevada and businesses, public entities and private entities which operate in this state.

2. "Qualified investments" means:

(a) Loans to residents of this state;

(b) Loans to businesses whose principal operations are in this state;

(c) Loans to nonprofit organizations whose principal operations are in this state;

(d) Loans secured by liens on real property located in this state;

(e) Obligations of this state or any of its political subdivisions;

(f) Loans to students attending any university, college or vocational school located in this state;

(g) Deposits with any depository institution whose principal place of business is in this state;

(h) Loans on the security of its savings accounts;

(i) Obligations secured by mortgages originated by a depository institution or any other lender whose principal place of business is within this state;

(j) Commercial paper and corporate obligations issued by

any corporation whose principal place of business is in this state;

(k) Stock, obligations or other securities of any investment company for small business incorporated within this state; or

(l) Any other investment which is substantially similar to an investment included in paragraphs (a) to (k), inclusive, if the investment is approved in writing by the administrator.

Sec. 20. If the administrator considers it necessary to protect depositors, creditors and other customers of a failing depository institution or a failing holding company which controls a depository institution, he may solicit offers from and authorize or require the acquisition of the institution or company by or its merger with:

1. A depository institution organized under the laws of Nevada or a holding company whose operations are principally conducted in Nevada; or

2. A foreign depository institution or a holding company for a foreign depository institution.

Sec. 21. Except as provided in section 24 of this act, any depository institution or holding company which is acquired pursuant to section 20 of this act or the institution which results from a merger pursuant to that section

has all rights, powers and privileges of any other depository institution in this state which is of the same class.

Sec. 22. The administrator may not authorize or require any transaction pursuant to section 20 of this act involving a foreign depository institution or holding company unless he finds that:

1. No depository institution or holding company organized under the laws of this state or whose operations are principally conducted in this state is willing to acquire or merge with the failing depository institution or holding company on terms acceptable to the commissioner and the relevant federal regulatory agency;

2. The foreign depository institution or holding company has demonstrated an acceptable record of meeting the needs for credit of the communities which it serves; and

3. The foreign depository institution or holding company has a record of sound performance, adequate capital, financial capacity and efficient management so the acquisition or merger will not jeopardize the financial stability of the acquired or merged depository institution and will not be detrimental to the interests of depositors, creditors or other customers of the depository institution, or to the public.

Sec. 23. The administrator shall give the following priority to transactions pursuant to section 20 of this act:

1. First, to transactions between depository institutions and holding companies of the same class having offices within this state.

2. Second, to transactions between depository institutions or holding companies of a different class having offices within this state, unless the office is a branch or subsidiary of a depository institution or holding company whose operations are principally conducted in a state other than Nevada or a reciprocal state.

3. Third, to transactions between depository institutions and holding companies and foreign depository institutions and holding companies for foreign depository institutions of the same class.

4. Fourth, to transactions between depository institutions and holding companies and foreign depository institutions and holding companies for foreign depository institutions of a different class.

Sec. 24. 1. A failing depository institution which is acquired by or merged with a foreign depository institution pursuant to section 20 of this act must at all times have

invested not less than 60 percent of the aggregate of all deposits from Nevada in qualified investments.

2. No foreign depository institution or holding company for a foreign depository institution which acquires or merges with a failing depository institution pursuant to section 20 of this act may establish additional branches except through a subsequent acquisition or merger. If the foreign institution or holding company acquires or merges with another depository institution pursuant to section 20 of this act, the consolidated deposits held at offices in this state by affiliates or subsidiaries of the foreign institution or holding company may not exceed 0.5 percent of the total deposits held at all offices of depository institutions in this state as determined by the administrator.

3. Each depository institution acquired by or merged with a foreign depository institution pursuant to section 20 of this act shall report to the administrator not less than quarterly the aggregate of:

(a) Its deposits held at offices in this state;

(b) Its deposits from Nevada; and

(c) Its qualified investments.

4. A depository institution which violates any provision of this section is prohibited from soliciting, accepting or renewing any deposits from Nevada until the institution is

brought into compliance with this section. The administrator may not approve a merger or acquisition which would result in a violation of subsection 1 or 2.

5. The restrictions on investments and total deposits imposed in this section do not apply if reciprocal legislation as described in section 14 of this act has been adopted by the reciprocal state in which the operations of the foreign depository institution or holding company are principally conducted, and terminate if such legislation is adopted after the acquisition or merger.

Sec. 25. NRS 667.025 is hereby amended to read as follows:

667.025 1. The administrator may forthwith take possession of the business and property of any [bank] depository institution to which this Title [is applicable] applies when it appears that such [bank:] depository institution:

(a) Has violated its charter or any laws applicable thereto.

(b) Is conducting its business in an unauthorized or unsafe manner.

(c) Is in an unsafe or unsound condition to transact its business.

(d) Has an impairment of its capital stock.

(e) Has refused to pay its depositors in accordance with

the terms on which such deposits were received, or has refused to pay its holders of certificates of indebtedness or investment in accordance with the terms upon which such certificates of indebtedness or investment were sold.

(f) Has become otherwise insolvent.

(g) Has neglected or refused to comply with the terms of a duly issued lawful order of the administrator.

(h) Has refused, upon proper demand, to submit its records, affairs and concerns for inspection and examination of a duly appointed or authorized examiner of the administrator.

(i) Has made a voluntary assignment of its assets to trustees.

2. The administrator also may forthwith take possession of the business and property of any [bank] depository institution to which this Title is applicable when it appears that the officers of such [bank] depository institution have refused to be examined upon oath regarding its affairs.

[3. A bank which has been taken possession of by the administrator pursuant to subsection 1 or 2, may resume business as provided in NRS 667.215.]

Sec. 26. 1. This act does not limit any power granted to an institution before July 1, 1985. Any acquisition, merger or other transaction lawfully entered before that date is

not affected by this act and all activities authorized may be continued.

2. If any provision of this act is held:

(a) Unconstitutional by reason of its inclusion or exclusion of any state in the provisions for reciprocity; or

(b) To authorize, under 12. U.S.C. § 1842(d), the merger or acquisition of shares or assets of a depository institution or holding company having its principal place of business in this state by a bank holding company which does not principally conduct its operations in a state listed in section 13 of this act or in Nevada,

then, except as provided in sections 2, 3 and 4 of chapter 2, Statutes of Nevada 1984, no depository institution or holding company which does not have its principal place of business in this state may merge with or in any way acquire a depository institution organized under the laws of this state or a holding company whose operations are principally conducted in this state.

SUMMARY--Removes restriction regarding premises where small loan companies may conduct business. (BDR 56-172)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

AN ACT relating to small loan companies; removing the restriction regarding the premises where their business may be conducted; and providing other matters properly relating thereto.

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

Section 1. NRS 675.230 is hereby amended to read as follows:

675.230 [No] A licensee may conduct the business of making loans under this chapter within any office, suite, room or place of business . [in which any other business is solicited or engaged in, except an insurance agency or notary public, or in association or conjunction with any other business, unless authority to do so is given by the administrator.]

SUMMARY--Directs insurance division of department of commerce to study deduction for maintaining home office in Nevada. (BDR 233)

CONCURRENT RESOLUTION--Directing the insurance division of the department of commerce to study the reduction of the premium tax by the deduction for maintaining a home office or regional home office in Nevada.

WHEREAS, Insurance companies are entitled to a deduction against the general tax on premiums if they maintain a home office or regional home office in Nevada; and

WHEREAS, The full amount of ad valorem taxes paid on a home office or regional home office is deducted even if the building is used for other purposes; and

WHEREAS, Deregulation of financial institutions and mergers by major corporations which provide financial services have increased the likelihood that an insurance company will use its home office or regional home office for other purposes; and

WHEREAS, Abuse of this deduction would reduce the revenue received from the general tax on premiums; now, therefore, be it

RESOLVED BY THE OF THE STATE OF NEVADA, THE CONCURRING, That the insurance division of the

department of commerce is hereby directed to study the reduction of the general tax on premiums by the deduction for maintaining of home office or regional home office in Nevada; and be it further

RESOLVED, That the insurance division determine whether the deduction is subject to abuse and, if so, how the deduction should be changed; and be it further

RESOLVED, That the insurance division report the results of this study and any appropriate changes to this session of the legislature.