

**PROPOSED REGULATION OF THE
REAL ESTATE COMMISSION**

LCB File No. R092-00

June 5, 2000

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1, 2 and 14, NRS 645.190; §§3, 5 and 6, NRS 645.190 and 645.343; §§4 and 7-10, NRS 645.190 and 645.575; §11, NRS 645.190 and 645.560; §12, NRS 645.190, 645.6052 and 645.630; §13, NRS 645.190 and 645.6052.

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

Sec. 2. *As used in NRS 645.310, the term “promptly” will be interpreted to mean within 1 business day after receipt.*

Sec. 3. 1. *A course of instruction in broker management that is designed to fulfill the educational requirements for issuance of a license which are described in paragraph (d) of subsection 2 of NRS 645.343 must be approved by the commission.*

2. To be approved by the commission, a course in broker management must include, without limitation:

(a) Six hours of instruction relating to office policy and procedure, risk management, errors and omissions, controlled business arrangements, compensation, employee-employer relationships and the status of independent contractors;

(b) Three hours of instruction relating to creating business plans;

(c) Three hours of instruction on forms used by real estate brokerages for real estate transactions;

(d) Six hours of instruction that provides an overview of programs for financing real estate transactions, including, without limitation, terminology relating to such programs, the cost of transactions, customary transaction closing costs, and transaction cost and net sheets;

(e) Six hours of instruction on recent changes in state and local laws;

(f) Six hours of instruction on federal laws governing real estate transactions;

(g) Six hours of instruction on relationships between customers and clients;

(h) Three hours of instruction on valuation of real estate and general principles of economics; and

(i) Six hours of instruction on emerging trends and practices.

Sec. 4. 1. *If the division denies an application for the approval of a course in continuing education which is in proper form and which is accompanied by the proper fee, the division shall give notice of denial to the sponsor within 15 days after the date the division officially denies the application.*

2. A sponsor who has received notice pursuant to subsection 1 may file a request for an appeal with the commission. The request must be received by the commission within 30 days after the date on which the sponsor received the notice of denial.

3. The president of the commission shall review a request for an appeal, and if the request contains allegations that, if true, qualify the course for approval, the president shall set the matter for a hearing. A hearing must be held at the time and place prescribed by the commission, which time will not be more than 90 days after the commission receives the request for an appeal.

4. At least 15 days before the date set for the hearing, the division shall provide the sponsor with:

- (a) Notice of the time and place of the hearing;*
- (b) An exact copy of any protest to the appeal that is filed with the division; and*
- (c) Copies of all communications, reports, affidavits or depositions in the possession of the division that are relevant to the matter.*

5. The hearing may be held by the commission or by a majority of its members. A record of the proceedings or any part thereof must be made available to each party upon the payment to the division of the reasonable cost of transcription.

6. The commission will render a written decision on an appeal within 60 days after the final hearing and will notify the parties to the proceedings, in writing, of its decision within 15 days after it is made.

7. If a sponsor makes a false statement of material fact, the division may deny the application.

Sec. 5. NAC 645.440 is hereby amended to read as follows:

645.440 1. Except as otherwise provided in subsection 2, before any school offers or conducts a course of instruction designed to fulfill the educational requirements for issuance of an original license under chapter 645 of NRS, the school must be approved by the commission.

2. ~~The~~ *Unless the course is a course in broker management, the* commission will accept such a course from any of the following schools without prior approval of the school:

(a) The University of Nevada or other university or college bearing the same or equivalent accreditation.

(b) Any college of the University and Community College System of Nevada.

(c) Any other school offering a course in real estate, business ~~or~~ or economics if the course is:

(1) Approved by any real estate commission or division in any state of the United States or province of Canada; or

(2) In the judgment of the commission, equivalent in quality to the courses of colleges or universities accredited by any regional accrediting agency recognized by the United States Department of Education.

(d) The American Institute of Real Estate Appraisers, the American Society of Appraisers, the Appraisal Institute, the International Association of Assessing Officers, or the Society of Real Estate Appraisers for courses in real estate appraisal consisting of not less than 45 hours of instruction. Forty-five hours of instruction shall be deemed to be the equivalent of 3 semester credits in appraisal.

Sec. 6. NAC 645.441 is hereby amended to read as follows:

645.441 1. The division ~~with~~ *shall* not accept an applicant's completion of a course of a kind which is designed to prepare students for examination, ~~is~~ commonly known as a "cram ~~course~~" *course,*" as fulfillment of his educational requirements for his original licensing.

2. None of the following kinds of courses will be accepted from an applicant as fulfillment of any part of the first 24 semester units of education which are required by subsections 1 to 4, inclusive, of NRS 645.343 for original licensing:

(a) Courses designed to develop or improve clerical, office ~~is~~ or business skills, such as typing, shorthand, operation of business machines, improvement of memory, or writing of letters and reports; or

(b) Business courses in advertising or psychology.

3. The division shall not accept a course in broker management required pursuant to paragraph (d) of subsection 2 of NRS 645.343 unless the course and the school that offers the course have been approved by the commission.

Sec. 7. NAC 645.450 is hereby amended to read as follows:

645.450 1. The courses for continuing education must contain:

(a) Current information on real estate which will improve the professional knowledge of the licensee and enable him to give better service to the public.

(b) Information that relates to pertinent Nevada laws and regulations.

2. The commission considers courses in the following areas to be acceptable for continuing education:

(a) Ethics of selling real estate;

(b) Legislative issues which concern the practice of real estate or licensees, including pending and recent legislation;

(c) The administration of real estate law and regulations, including licensing and enforcement;

(d) Real estate financing, including mortgages and other techniques;

(e) The measurement and evaluation of the market for real estate, including evaluations of sites, market data and studies of feasibility;

(f) The administration of real estate brokerage, including the management of the office, trust accounts and employees' contracts;

(g) Real estate mathematics;

(h) The management of real property, including leasing agreements, procedures for accounting and contracts for management;

- (i) The exchange of real property;
- (j) Planning and zoning for land use;
- (k) Real estate securities and syndications;
- (l) Estates and management of a portfolio;
- (m) Accounting and taxation as applied to real property;
- (n) The development of land; and
- (o) Agency and subjects related to agency.

3. If the sponsor agrees to comply with the provisions of subsections 3 and 4 of NAC 645.455, NAC 645.457, 645.460 and 645.463 and subsection 1 of NAC 645.465, the ~~commission will~~ *division shall* accept the following courses as meeting standards for continuing education without application or specific approval:

(a) Any course in real estate or a directly related subject if the course has been previously approved by the ~~commission.~~ *division.*

(b) Any course in real estate or a directly related subject if the course is offered by an accredited university or community college.

(c) Any course in real estate or a directly related subject if the course is offered by the National Association of Realtors or its societies, institutes or councils.

4. The administrator may, without specific approval by the commission, approve a course offered by the Nevada Association of Realtors upon its submission of an application for the approval. The ~~commission will,~~ *division shall,* upon application, approve a course conducted by any other school, professional society ~~;~~ or organization if the ~~commission~~ *division* finds that the course meets the standards for continuing education.

5. The following kinds of courses and activities do not meet the standards for continuing education:

(a) A course designed to prepare students for examination.

(b) A course designed to develop or improve clerical, office or business skills, such as typing, shorthand, the operation of business machines, speed-reading, the improvement of memory, and writing letters and reports.

(c) A meeting for the promotion of sales, a program of office training, or other activity which is held as part of the general business of the licensee.

(d) A course for the orientation of licensees, such as one offered for that purpose through local real estate boards.

(e) A course for the development of instructors.

6. The ~~commission will~~ *division shall* not approve more than:

(a) Seven full hours of credit per day of instruction in a course for continuing education if a final examination is not given.

(b) Eight full hours of credit per day of instruction in a course of continuing education if a final examination is given.

Sec. 8. NAC 645.455 is hereby amended to read as follows:

645.455 1. An application for the approval of a course for continuing education must be submitted to the division on a form provided by the division for review . ~~[and presentation to the commission.]~~

2. The ~~commission will~~ *division may* not grant retroactive approval for a course for continuing education.

3. The ~~[commission will]~~ *division may* grant credit for a course for continuing education only if:

(a) The course consists of at least 3 hours of distance education or instruction in a classroom.

(b) For a course of instruction in a classroom, the sponsor of the course:

(1) Certifies to the attendance of licensees who take the course for credit.

(2) Maintains for 3 years a record of attendance which contains the following information

with respect to each licensee who has taken the course for credit:

(I) The name of the licensee in attendance and the number of his license.

(II) The title and number of the course.

(III) The hours of instruction attended and dates of attendance by the licensee.

(IV) A statement that the licensee has successfully completed the course, if applicable.

(3) Assures the ~~[commission]~~ *division* that an approved instructor will preside throughout the course.

(c) For a course of distance education, the sponsor of the course:

(1) ~~[Administers a final examination on which a licensee must receive a score of at least 75 percent to pass the course.]~~

~~—(2)]~~ *Requires each student to:*

(I) Take a closed-book final examination with a proctor present at a location designated by the sponsor in its application for approval filed with the division and receive a score of at least 75 percent to pass the course;

(II) Prove his identity before he is allowed to take any examination;

(III) Complete an entire course to receive credit for taking the course; and

(IV) Complete each course within an established minimum and maximum time.

(2) Only gives credit for the number of hours for which the course has been approved by the division to a licensee who has completed the course.

(3) Publishes a policy for retaking an examination which a licensee failed.

~~[(3)]~~ (4) Maintains for 3 years a record of completion of the course which contains the following information with respect to each licensee who has taken the course for credit:

(I) The name of the licensee who completes the course and the number of his license.

(II) The title and number of the course.

(III) A statement that the licensee has successfully completed the course which includes, without limitation, the date that the course was completed and the number of hours completed.

4. If a course is approved, the sponsor shall provide a certified copy of the record of attendance or record of completion to the licensee upon his completion of the course. The division shall accept the certificate as proof of the attendance of the licensee or completion of the course by the licensee for the purpose of renewal or reinstatement of his license. If the course is taken at a university or community college, the proof of attendance must be a certified transcript.

The certificate of a sponsor must contain the:

- (a) Name of the sponsor;
- (b) Name of the licensee and his license number;
- (c) Number of hours of instruction;
- (d) Dates of instruction for a course of instruction in a classroom;
- (e) Date of completion of the course for a course of distance education;
- (f) Title of the course or seminar;

- (g) Number of the sponsor assigned by the division and a statement that the course was approved by the ~~commission;~~ *division;*
- (h) Signature of the person authorized to sign for the sponsor; and
- (i) Grade received by the licensee or a statement of whether the licensee passed the class if an examination was given.

Sec. 9. NAC 645.463 is hereby amended to read as follows:

645.463 1. A licensee may receive credit for continuing education if he teaches an approved course. Credit will be given only once for teaching the course. The licensee must submit proof that he taught the course during the applicable period of licensing.

2. A course may not be taken for credit more than once ~~unless the material in the course has been significantly changed or brought up to date.~~ *during any two consecutive periods for renewal of a license.*

3. Courses taken to satisfy requirements for renewal or reinstatement of a license must be completed within 2 years immediately before the latest date for renewing or reinstating the license.

4. A licensee may receive credit for continuing education only upon certification by the sponsor that the licensee has attended and completed at least 90 percent of the course.

5. The sponsor shall determine whether a final examination is required for the completion of a course.

Sec. 10. NAC 645.465 is hereby amended to read as follows:

645.465 1. The sponsor of an approved course for the continuing education of licensees shall:

(a) Not allow a licensee to pass the course by taking the examination without having the required attendance;

(b) Admit authorized personnel of the division to audit and evaluate the presentation of the course;

(c) Notify the division within 15 days after making any material change in the course; and

(d) Not present a course for the main purpose of selling products and shall limit the announcement of products during the course to not more than 1 minute for each credit hour.

2. The ~~[commission's]~~ *division's* approval of such a course is effective for 1 year after the original approval or a reapproval.

3. The sponsor must apply for reapproval on a form provided by the division and describe on that form any changes in the course. An application for reapproval must be filed at least 2 weeks before the previous approval expires and, if he does not do so, he must apply for an original approval.

4. Each of the following acts and conditions is a ground for the ~~[commission]~~ *division* to withdraw its approval of a course:

(a) Poor quality of the curriculum or instruction, as shown by evaluations.

(b) Violation of any of the provisions on continuing education in this chapter.

5. In determining whether to withdraw its approval of such a course, the ~~[commission will]~~ *division shall* follow a procedure similar to that used *by the commission* for suspension or revocation of a license.

Sec. 11. NAC 645.615 is hereby amended to read as follows:

645.615 1. The sign which NRS 645.560 requires each broker to erect and maintain in a conspicuous place upon the premises of his place of business must be ~~visible~~ *readable* from the nearest public sidewalk, street ~~or~~ or highway.

2. If the broker's place of business is located in an office building, hotel ~~or~~ or apartment house, the broker's sign must be posted on the building directory or on the exterior of the entrance to the business.

3. Upon request by the division, the broker shall furnish a photograph of his sign as proof of his compliance with NRS 645.560 and this section.

Sec. 12. NAC 645.695 is hereby amended to read as follows:

645.695 1. The administrator may require a licensee to pay an administrative fine in the amount set forth in this subsection for a violation of the following provisions:

	First Offense	Second or Subsequent Offense
NRS 645.252.....	\$500	\$1,000
Subsection 4, 5 or 6 of NRS 645.310.....	500	1,000
NRS 645.530.....	100 per license	200 per license
<i>NRS 645.550.....</i>	<i>500</i>	<i>1,000</i>
<i>NRS 645.560.....</i>	<i>500</i>	<i>1,000</i>
Subsection 1 of NRS 645.570.....	250	500
Subsection 1 of NRS 645.580.....	250	500
Subsection 1, 2, 3, 5, 6, 8, 9, 10, 11 or		

12 of NRS 645.630	500	1,000
Subsection 7 of NRS 645.630.....	1,000	2,000
Subsection 3, 5, 7 or 8 of NRS 645.633	500	1,000
Subsection 6 of NRS 645.633.....	250	500
Subsection 1, 2, 5, 6 or 8 of NRS 645.635	500	1,000
NRS 645.660.....	500	1,000
NAC 645.180	500	1,000
Subsection 1, 2 or 4 of NAC 645.610.....	250	500
Subsection 3 of NAC 645.610	500	1,000
NAC 645.615	250	500
NAC 645.625	250	500
NAC 645.627	250 500	500 1,000
NAC 645.637	250	500
NAC 645.640	500	1,000
NAC 645.645	500	1,000
NAC 645.650	500	1,000
NAC 645.655	250	500

2. In addition to imposing an administrative fine pursuant to subsection 1, the administrator may:

(a) Recommend to the commission that the license of the licensee, the permit of the licensee if he holds a permit to engage in property management, or both, be suspended or revoked if the

licensee is found guilty of a third or subsequent offense of any of the provisions set forth in subsection 1.

(b) Require a licensee to complete not more than 9 hours of continuing education.

Sec. 13. NAC 645.806 is hereby amended to read as follows:

645.806 1. On or before the date of expiration of his license as a real estate broker, a broker who engages in property management or who associates with a property manager who engages in property management shall provide to the division, on a form provided by the division, an annual accounting as required by subsection 5 of NRS 645.310 which shows an annual reconciliation of each trust account related to property management that he maintains.

2. The reconciliation required pursuant to subsection 1 must include the 30 days immediately preceding the expiration date of his license as a real estate broker.

3. A broker who engages in property management or who associates with a property manager who engages in property management shall maintain complete accounting records of each trust account related to property management that he maintains for at least ~~7~~ 5 years after the last activity by the broker which involved the trust account. If the records are maintained by computer, the broker shall maintain an additional copy of the records on computer disc for at least ~~7~~ 5 years after the last activity by the broker which involved the trust account.

Sec. 14. 1. This section and sections 1, 2, 4 and 7 to 13, inclusive, of this regulation become effective upon filing with the secretary of state.

2. Sections 3, 5 and 6 of this regulation become effective on January 1, 2001.