

**PROPOSED REGULATION OF THE
COMMISSIONER OF MORTGAGE LENDING**

LCB File No. R055-08

April 16, 2008

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

AUTHORITY: §§1-3, NRS 645B.060, 645B.080 and 645B.175.

A REGULATION relating to mortgage brokers; revising requirements for the content and submission of financial statements; requiring semiannual submission of financial statements; and providing other matters properly relating thereto.

Section 1. Chapter 645B of NAC is hereby amended by adding thereto a new section to read as follows:

1. A licensed mortgage broker maintaining any accounts described in subsection 1 or 4 of NRS 645B.175 shall provide to the Commissioner a financial statement of the account or accounts which has been:

(a) Prepared from the books and records of the mortgage broker by an independent public accountant who holds a permit to engage in the practice of public accounting in this State that has not been revoked or suspended; and

(b) Audited in accordance with generally accepted auditing standards.

2. The financial statement of the account or accounts required pursuant to this section must include, if applicable:

(a) A statement of the balance and liabilities of each trust account;

(b) A statement of all receipts for, disbursements from and changes in cash balances of each trust account;

(c) A supplementary schedule of the liabilities of each trust account; and

(d) A reconciliation of cash balance of each trust account to the supplementary schedule of the liabilities of each trust account.

3. The Commissioner will make available an approved format and sample content for the statements required pursuant to this section. Mortgage brokers shall submit the statements in substantially the same format as the approved forms.

4. Except as otherwise provided in this section, not later than 30 days after the last day of each fiscal year for a mortgage broker, and every 6 months thereafter, the mortgage broker shall submit to the Commissioner the financial statement of the account or accounts as required pursuant to this section.

5. The Commissioner may grant a reasonable extension not to exceed 30 days for the submission of a financial statement of the account or accounts pursuant to this section if a mortgage broker requests such an extension before the date on which the financial statement is due.

Sec. 2. NAC 645B.150 is hereby amended to read as follows:

645B.150 A licensed mortgage broker maintaining any accounts described in subsection 1 of NRS 645B.175 shall:

1. Provide to the Commissioner a financial statement of the account or accounts ~~[which has been audited in accordance with generally accepted auditing standards.]~~ *in accordance with section 1 of this regulation.*

2. Maintain a subsidiary ledger for each investor which must include:

(a) The name and address of the investor;

(b) The amount of the initial investment and the amount of any subsequent investment;

- (c) The date of any investment placed with the licensee by the investor;
 - (d) Each specific loan invested in, including:
 - (1) The number of the loan;
 - (2) The name of the borrower;
 - (3) The closing date of the loan; and
 - (4) The percentage of the loan owned by the investor, if the loan is owned by more than one person;
 - (e) The date of the investment;
 - (f) The amount of money invested;
 - (g) The maturity date of the loan or loans made;
 - (h) Any change in the investment made on behalf of the investor; and
 - (i) The status of each loan, including whether the loan is current or delinquent, and if the loan is delinquent, the number of months it is past due.
3. At least annually, provide each investor with a statement which details:
- (a) The total amount he has invested with the mortgage broker;
 - (b) The amount he has invested in a loan or loans; and
 - (c) The current status of the loan or loans.

↪ The statement, if annual, must be provided to the investor not later than 120 days after the end of the fiscal year of the mortgage broker.

Sec. 3. NAC 645B.160 is hereby amended to read as follows:

645B.160 A licensed mortgage broker maintaining any accounts described in subsection 4 of NRS 645B.175 shall:

1. Provide to the Commissioner a statement of the account or accounts ~~[which has been audited in accordance with generally accepted auditing standards as promulgated for special reports.]~~ *in accordance with section 1 of this regulation.*

2. Keep monthly records reconciling all payments received on loans made by investors to such accounts and any subsequent disbursement to the investors.

3. At least annually, provide to each investor:

(a) A statement indicating all money collected and disbursed; and

(b) The amortized balance of each loan in which the investor has an interest.

➔ The statement, if annual, must be provided to the investor not later than 120 days after the end of the licensee's fiscal year.