

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

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

Authority: NRS 645B.060

Section 1. Chapter 645B of NAC is hereby amended by adding thereto the provisions set forth as section 2 of this regulation.

Sec. 2. *Investor Standards.*

1. Before an investor who is not an institutional investor initially invests money with a mortgage broker or mortgage agent to acquire ownership of or a beneficial interest in a loan secured by a lien on real property through his own account, a family trust or personal retirement account, the investor must provide a notarized statement on a form prescribed by the Division confirming the investor meets one or more of the following minimum financial requirements:

- a. The investor's individual income is in excess of \$100,000 in each of the two most recent years or joint income with that investor's spouse is in excess of \$200,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or*
- b. The investor's individual net worth, or joint net worth with that investor's spouse, exceeds \$250,000 excluding the investor's equity in his primary residence at the time of the investment; or*
- c. If an investor provides evidence that, prior to making the investment, he has:*
 - 1. Successfully completed, either in person or through remote access, a minimum of two hours of a Division sanctioned trust deed investment course evidenced by a certificate of completion; and*
 - 2. His individual income is in excess of \$50,000 in each of the two most recent years or joint income with that investor's spouse is in excess of \$70,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or*
 - 3. The investor's individual net worth, or joint net worth with that investor's spouse, exceeds \$100,000 excluding the investor's equity in his primary residence at the time of the investment.*
- 2. A parent of a minor child may invest monies held in trust for the child if the parent meets the applicable minimum financial requirements prescribed in subsection 1.*
- 3. An investor providing evidence as set forth in subparagraph (1)(c) must also confirm on the form prescribed by the Division that his total investments in loans secured by liens on real property through one or more mortgage brokers do not exceed 50% of his applicable net worth or income.*
- 4. Unless the mortgage broker or mortgage agent has knowledge to the contrary, the mortgage broker or mortgage agent is entitled to rely on the representations by the investor as*

to the investor's financial information and is not required to confirm the information provided by the investor.

5. For each subsequent investment to acquire ownership of or a beneficial interest in a loan secured by a lien on real property, the investor must confirm on a form prescribed by the Division that he continues to meet the applicable minimum financial requirements set forth in subsection 1.

6. The provisions of this section do not apply to a mortgage broker or mortgage agent investing moneys with the mortgage broker to acquire ownership of or a beneficial interest in a loan secured by a lien on real property.

7. For the purposes of this section, "institutional investor" has the same meaning as in NRS 90.240.

Sec. 3. NAC 645B.215 is hereby amended to read as follows:

1. Before a person purchases an existing note secured by a deed of trust or an interest therein for which a licensed mortgage broker is acting as a broker *or as an investor selling his interest*, the mortgage broker shall provide to the purchaser, unless specifically waived in writing by that person:

(a) A copy of the promissory note;

(b) A record of the history of payments on the note or a document signed by the seller and borrower stating the existing balance of the note;

(c) The policy of title insurance for the original beneficiaries of the note; and

(d) The original appraisal of the property securing the note, if available.

2. A mortgage broker shall retain a copy of the materials provided to the purchaser pursuant to subsection 1.

3. If the purchase is made, the mortgage broker shall retain in his files the original or a copy and provide to the purchaser, respectively, the copy or original of the following documents:

(a) The promissory note and the assignment of the note.

(b) The recorded deed of trust and recorded assignment of the beneficial interest.

(c) The endorsement to the policy of title insurance or a new policy of title insurance for the assignment.

(d) A policy of fire insurance indicating coverage in an amount sufficient to cover the replacement costs of all improvements on the property, including, if applicable, an endorsement naming the purchaser as a payee in case of loss.

(e) A statement signed by the purchaser *acknowledging the investor continues to meet the minimum financial requirements required in NAC _____* [drafting note: Sec.2, above] *and that* that the decision to purchase the note secured by a deed of trust was made after the purchaser was provided with and reviewed the material required in subsection 1.