

**PROPOSED REGULATION OF THE ADMINISTRATOR OF
THE MANUFACTURED HOUSING DIVISION OF THE
DEPARTMENT OF BUSINESS AND INDUSTRY**

LCB File No. R119-14

AUTHORITY: §§1 and 4, NRS 489.231; § 2 and 3, NRS 489.231 and 489.321.

A REGULATION relating to manufactured housing;

Section. 1. Chapter 489 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

Sec. 2. *Each licensee as a dealer, manufacturer, general serviceperson or specialty serviceperson who is not otherwise covered under a policy of professional liability insurance shall maintain a policy of professional liability insurance.*

Sec. 3. *In addition to the grounds set forth in NRS 489.381, the Division may deny an application for a license as a dealer, manufacturer, general serviceperson or specialty service person if the applicant:*

- 1. Makes a false statement in the application;*
- 2. Has not demonstrated his or her fitness to engage in the activities for which the license is sought;*
- 3. Is not of good moral character or reputation;*
- 4. Has been convicted of a felony or other crime involving moral turpitude, dishonesty or corruption; or*
- 5. Is unable to demonstrate financial responsibility pursuant to NAC 489.310.*

Sec. 4. NAC 489.305 is hereby amended to read as follows:

489.305 1. The Division may require as a condition of licensing any information it deems necessary for each location where a manufactured home or commercial coach dealer,

manufacturer, general serviceperson or specialty serviceperson maintains a branch office. Upon receiving sufficient information, the Division will issue a license for the branch office.

2. The mere listing of manufactured homes, mobile homes or commercial coaches for sale does not constitute a branch office, but the use of a mobile home park or estate sales office by a licensee for the sale or offering for sale of manufactured homes or mobile homes does constitute the maintenance of a branch office.

3. ~~Except as provided in this subsection, the~~ *The* licensee is responsible for the operation of the branch office in accordance with the provisions of this chapter and chapter 489 of NRS.

4. ~~If it is not feasible for a licensee to exercise direct supervision over a branch office, it must be managed by a corporate officer, partner or responsible managing employee.~~

~~5.~~ A responsible managing employee of a branch office may not manage more than one branch office.

~~6.~~ *5.* All branch office records required to be kept by this chapter and chapter 489 of NRS must be kept at that branch office or the main office of the licensee.

~~7.~~ *6.* A branch office is not required to have a trust account separate from the trust account of the main office. If a separate account is maintained, the required signatures are those of the responsible managing employee of the branch office and the dealer to whom the main office license is issued.

Sec. 5. NAC 489.310 is hereby amended to read as follows:

NAC 489.310 1. The Division may require an applicant for a license as a dealer, manufacturer, general serviceperson or specialty serviceperson to show such a degree of experience, financial responsibility and such general knowledge of this chapter, chapter 489 of NRS, federal

construction and safety standards relating to manufactured homes, the safety, health, finance and lien laws of this State and the rudimentary principles of the business for which the applicant wishes to obtain a license as the Division deems necessary for the safety and protection of the public.

2. An applicant may demonstrate his or her experience and knowledge by submitting to the Division:

(a) Evidence of his or her prior employment or other experience in the occupation for which the applicant wishes to obtain a license; or

(b) Proof that he or she has completed not less than 30 semester hours in courses of study which are approved by the Division.

3. An applicant must submit to the Division:

(a) *A copy of the applicant's policy of professional liability insurance;*

(b) A copy of the federal income tax return filed by the applicant for the preceding calendar year; and

~~(b)~~ (c) Such other proof as the Division deems necessary to show the applicant's financial responsibility.

4. If the applicant is a corporation, its financial responsibility must be established independently of the assets of its officers, directors or stockholders, but the Division may inquire into and consider the personal assets of the officers, directors or stockholders in determining the financial responsibility of the corporation.

5. An applicant shall be deemed to be financially responsible if the Division determines that the applicant has, at the time the Division makes the determination, sufficient assets or income to operate his or her business for not less than 120 days.

6. The Division will determine financial responsibility according to the following criteria:

- (a) Net worth;
- (b) Liquid assets;
- (c) Payment and credit records;
- (d) Business experience;
- (e) Prior and current liens;
- (f) Prior and pending lawsuits;
- (g) Adverse judgments;
- (h) Prior suspension or revocation of a license in this State or elsewhere for financial insolvency;
- (i) Any adjudication under bankruptcy law, including a composition, arrangement or reorganization;
- (j) Any appointment of a receiver for the property of the applicant or licensee or any officer, director, associate or partner thereof under the laws of this State or of the United States;
- (k) Any making of a prohibited assignment for the benefit of creditors;
- (l) Form of business organization;
- (m) Information obtained from confidential financial references and credit reports; and
- (n) Reputation for honesty and integrity of the applicant or licensee or any officer, director, associate or partner.

7. An applicant for a new manufactured home or commercial coach dealer's license must show proof that the applicant has not less than \$50,000 in cash on deposit in an operating account of the business in a Nevada financial institution before the Division will issue a license.

8. An applicant for a used manufactured home or commercial coach dealer's license must show proof that the applicant has not less than \$25,000 in cash on deposit in an operating account of the business in a Nevada financial institution before the Division will issue a license.

9. An applicant for a new manufactured home dealer's license, including a franchise dealership, must submit a letter of credit from a financial institution or a provider of inventory financing showing that the applicant will be granted a specified amount of credit of not less than \$200,000 from that institution for the flooring of manufactured homes, commercial coaches, manufactured buildings or factory-built housing. This requirement does not apply to a dealership owned by a licensed manufacturer.

10. An applicant for an initial license must submit to the Division a copy of any similar license issued by another state.

11. A partnership, limited partnership, limited-liability partnership, limited-liability limited partnership or limited-liability company or a corporation, whether or not for profit, that applies for a dealer's, general serviceperson's or specialty serviceperson's license must file a certified or verified copy of its partnership agreement, articles of organization or articles of incorporation with the Division.

12. If an applicant submits an incomplete application:

(a) The Division will notify the applicant of the deficiencies in the application.

(b) Except as otherwise provided in paragraph (c), the Division will deny the application unless the applicant corrects the deficiencies within 15 days after receiving the notice.

(c) The Division may grant an extension of time to correct the deficiencies in the application if the applicant requests such an extension in writing within the 15-day period.

Sec. 6. NAC 489.347 is hereby amended to read as follows:

NAC 489.347 An applicant for the renewal of the dealer's, general serviceperson's or specialty serviceperson's license issued to the applicant by the Division pursuant to chapter 489 of NRS must submit to the Division with his or her application for renewal:

1. The fee required pursuant to NAC 489.360;

2. Complete copies of bank statements for ~~f~~:

~~— (a) The operating account of the licensee for the immediately preceding 6 months; and~~

~~— (b) The~~ trust account of the licensee for the immediately preceding 6 months if the licensee is a dealer;

3. *A copy of the licensee's policy of professional liability insurance required pursuant to section 1 of this regulation;*

4. A copy of the current business license issued for the licensee's business by the *state*, county, city or town in which the licensee's business is located; and

~~f~~ 5. Any other proof requested in writing by the Division pursuant to NRS 489.321 or 489.323.

Sec. 7. NAC 489.780 is hereby amended to read as follows:

NAC 489.780 1. Upon receipt of an application for a limited resale license, the fee required by NAC 489.775 and any other information required by the Division, the Division will approve the application and issue to the applicant a limited resale license, unless the Division determines that the applicant is not fit to conduct the sale of the used mobile home or manufactured home identified in the application.

2. A limited resale license issued by the Division is valid only for the purpose of selling the used mobile home or manufactured home identified in the application for the license and for which the applicant submitted:

(a) A copy of the certificate of title or certificate of ownership of the used mobile home or manufactured home; *and*

(b) ~~A copy of the notice of lien, the notice of sale by auction or the lien satisfaction form; and~~

~~(c) Any other information deemed necessary by the Division.~~

3. If a landlord of a mobile home park terminates the employment of a manager of the park who has applied for or holds a limited resale license, the landlord shall, as soon as practicable, provide written notice of the termination to the Division and the application or license of the manager becomes invalid.

Sec. 8. NAC 489.342 is hereby repealed.

TEXT OF REPEALED SECTION

NAC 489.342 Possession of identification card. (NRS 489.231) A person licensed pursuant to the provisions of chapter 489 of NRS who reconstructs, services or installs manufactured homes, mobile homes or commercial coaches shall carry upon his or her person, during working hours, the identification card issued to the person by the Division.