

**ADOPTED REGULATION OF THE  
COMMISSIONER OF FINANCIAL INSTITUTIONS**

**LCB File No. R054-16**

Effective September 9, 2016

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

AUTHORITY: §1, NRS 604A.300 and 604A.740; §2, NRS 649.053, 649.295 and 658.101; §3, NRS 658.096, 658.101 and 658.105; §4, NRS 658.101, 669.250 and 669.270; §5, NRS 658.101, 671.030 and 671.120; §6, NRS 658.101, 673.043 and 673.430; §7, NRS 658.101, 675.170 and 675.400; §8, NRS 676A.730; §9, NRS 658.101, 677.380 and 677.430; §10, NRS 678.250 and 678.270.

A REGULATION relating to financial institutions; revising the hourly fees paid by banks and other financial institutions to the Commissioner of Financial Institutions; revising the method of calculation of an annual fee collected by the Commissioner from certain depository institutions; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law authorizes the Commissioner of Financial Institutions to establish by regulation rates and fees to be paid by banks and other financial institutions for supervision and examinations by the Commissioner or the Division of Financial Institutions of the Department of Business and Industry. (NRS 658.101, 676A.730, 678.270) **Sections 1-7, 9 and 10** of this regulation increase the hourly fees previously set by the Commissioner for an audit, examination, investigation or hearing conducted by the Division of such banks and other financial institutions to \$75 per hour. **Section 8** of this regulation: (1) decreases the hourly fee for such an examination of a registered provider of debt-management services from \$100 to \$75; and (2) prescribes the hourly rate of \$75 for the fees for any such audit, investigation or hearing of a registered provider of debt-management services conducted pursuant to the statutory provisions governing debt-management services.

Pursuant to Assembly Bill No. 493 of the 2003 Legislative Session, the Division generally began operating as a self-funding Division rather than pursuant to appropriations from the State General Fund. (Chapter 491, Statutes of Nevada 2003, at page 3225; NRS 658.091, 658.098) **Sections 3, 6, 9 and 10** of this regulation revise existing regulations to: (1) comport with that statutory change; (2) revise the method of calculation of the annual fee for supervision and examinations collected by the Commissioner from banks, savings and loan associations, thrift companies and credit unions; and (3) prescribe the base amount and any amount exceeding that base amount for a bank, savings and loan association, thrift company or credit union whose total assets are \$20 billion or more.

**Section 1.** NAC 604A.090 is hereby amended to read as follows:

604A.090 1. The nonrefundable application fee required pursuant to NRS 604A.600 is \$400 plus \$100 for each additional license for a branch location at which the applicant proposes to operate under the applicant's license.

2. The additional application fee required pursuant to NRS 604A.600 is \$375 plus \$75 for each additional license for a branch location at which the applicant proposes to operate under his or her license. The Commissioner may refund the fee on a prorated basis if:

(a) An applicant withdraws his or her application before the Commissioner acts on the application;

(b) The Commissioner deems an application to be withdrawn because the applicant fails to submit all information and fees required to complete the application within the period set forth in NRS 604A.600; or

(c) A licensee surrenders his or her license pursuant to NRS 604A.840 during the licensee's first year of licensure.

3. The fee to renew a license required pursuant to NRS 604A.640 is \$375 plus \$75 for each branch location at which the licensee is authorized to operate under the license.

4. The fee for reinstatement of an expired license as set forth in NRS 604A.640 is \$150 plus \$50 for each branch location at which the licensee is authorized to operate under the license.

5. The hourly fee authorized in NRS 604A.740 for supervision, audit, examination, investigation or hearing is ~~\$60.~~ \$75.

6. The late fee for each day a licensee fails to submit a report required pursuant to the provisions of chapter 604A of NRS, as set forth in NRS 604A.760, is \$10.

7. The Commissioner shall bill each licensee for any fee or assessment imposed pursuant to the provisions of this chapter and chapter 604A of NRS. The licensee shall pay the fee within 30 days after the date the licensee receives the bill. Except as otherwise provided in this subsection, any payment received after the date due must include a penalty of 10 percent of the fee, plus an additional 1 percent of the fee for each month, or portion of a month, that the fee is not paid. The Commissioner may waive the penalty for good cause.

**Sec. 2.** NAC 649.060 is hereby amended to read as follows:

649.060 1. The Commissioner of Financial Institutions will charge and collect a fee of ~~15601~~ \$75 per hour from each collection agency for any supervision, examination, audit, investigation or hearing conducted pursuant to chapter 649 of NRS.

2. The Commissioner will bill each collection agency upon the completion of the activity for the fee established in subsection 1. The fee must be paid within 30 days after the date on which the bill is received. In addition to any other fee allowed by this chapter or chapter 649 of NRS, and except as otherwise provided in this subsection, any payment received after that date must include a penalty of 10 percent of the fee plus an additional 1 percent of the fee for each month, or portion of a month, that the fee is not paid. The Commissioner may waive the penalty for good cause.

3. Failure of a collection agency to pay the fee required in subsection 1 as provided in this section constitutes grounds for revocation of its license.

**Sec. 3.** NAC 658.010 is hereby amended to read as follows:

658.010 1. On or before June 30 of each year, the Commissioner of Financial Institutions will collect a fee from each bank for the supervision and examination of the bank pursuant to chapters 657 to 668, inclusive, of NRS.

2. The fee is based on the portion of the annual ~~appropriation from the State General Fund to~~ *budget approved by the Legislature for expenses related to the operations of the Commissioner and* the Division of Financial Institutions ~~that is attributable to the supervision and examination of banks.~~ *minus all other revenues collected by the Division, not including reserves.* Each bank shall pay a share of that amount as determined by the following schedule:

<u>Total Assets</u>	<u>Base Fee</u>	<u>+ Fee Exceeding Base</u>
Less than \$5,000,000	\$5,000	N/A
\$5,000,000 or more, but less than \$10,000,000	5,000	\$.25 per thousand of assets exceeding \$5,000,000
\$10,000,000 or more, but less than \$50,000,000	6,250	\$.19 per thousand of assets exceeding \$10,000,000
\$50,000,000 or more, but less than \$100,000,000	13,850	\$.12 per thousand of assets exceeding \$50,000,000
\$100,000,000 or more, but less than \$500,000,000	19,850	\$.10 per thousand of assets exceeding \$100,000,000

\$500,000,000 or more, but less than \$1,000,000,000	59,850	\$.07 per thousand of assets exceeding \$500,000,000
\$1,000,000,000 or more, but less than \$3,000,000,000	94,850	\$.05 per thousand of assets exceeding \$1,000,000,000
\$3,000,000,000 or more, but less than \$10,000,000,000	194,850	\$.03 per thousand of assets exceeding \$3,000,000,000
\$10,000,000,000 or more, but less than \$20,000,000,000	404,850	\$.02 per thousand of assets exceeding \$10,000,000,000
<b><i>\$20,000,000,000 or more</i></b>	<b><i>604,850</i></b>	<b><i>\$.01 per thousand of assets exceeding \$20,000,000,000</i></b>

Any adjustment to the fee ~~[required to account for the distribution of unused portions of or increases in the annual appropriation from the State General Fund]~~ must be made in a proportionate amount that is based on the relationship that the fee determined for each bank ~~[pursuant to paragraph (a)]~~ bears to the total fee imposed on all banks licensed pursuant to chapters 657 to 668, inclusive, of NRS. *The fee is calculated as of June 1 of each year based upon the number of banks and the total assets of each bank as of December 31 of the previous year.*

3. If the fee is not paid on or before June 30, the Commissioner will assess a penalty of 10 percent of the amount of the fee and an additional 1 percent of the fee for each month or portion of a month that the fee is not paid. The Commissioner may waive the penalty for good cause.

4. The fee does not include the cost of any extraordinary examination, audit, investigation or hearing conducted by the Division. The cost of any such examination, audit, investigation or hearing is ~~15601~~ \$75 per hour.

**Sec. 4.** NAC 669.010 is hereby amended to read as follows:

669.010 1. The Commissioner of Financial Institutions will charge and collect a fee of ~~15601~~ \$75 per hour from each trust company for any supervision, examination, audit, investigation or hearing conducted pursuant to chapter 669 of NRS.

2. The Commissioner will bill each trust company upon the completion of the activity for the fee established in subsection 1. The fee must be paid within 30 days after the date the bill is received. Except as otherwise provided in this subsection, any payment received after that date must include a penalty of 10 percent of the fee plus an additional 1 percent of the fee for each month, or portion of a month, that the fee is not paid. The Commissioner may waive the penalty for good cause.

3. Failure of a trust company to pay the fee required in subsection 1 as provided in this section constitutes grounds for revocation of its license.

**Sec. 5.** NAC 671.010 is hereby amended to read as follows:

671.010 1. The Commissioner will charge and collect a fee of ~~15301~~ \$75 per hour from each licensee for any supervision, examination, audit, investigation or hearing conducted pursuant to chapter 671 of NRS.

2. The Commissioner will bill each licensee upon the completion of the activity for the fee established in subsection 1. The fee must be paid within 30 days after the date the bill is received. Except as otherwise provided in this subsection, any payment received after that date must include a penalty of 10 percent of the fee plus an additional 1 percent of the fee for each month, or portion of a month, that the fee is not paid. The Commissioner may waive the penalty for good cause.

3. Failure of a licensee to pay the fee required in subsection 1 as provided in this section constitutes grounds for revocation of its license.

**Sec. 6.** NAC 673.020 is hereby amended to read as follows:

673.020 1. On or before June 30 of each year, the Commissioner of Financial Institutions will collect a fee from each savings and loan association for the supervision and examination of the savings and loan association pursuant to chapter 673 of NRS.

2. The fee is based on the portion of the annual ~~appropriation from the State General Fund to~~ *budget approved by the Legislature for expenses related to the operations of the Commissioner and* the Division of Financial Institutions ~~that is attributable to the supervision and examination of savings and loan associations.~~ *minus all other revenues collected by the Division, not including reserves.* Each savings and loan association shall pay a share of that amount as determined by the following schedule:

<u>Total Assets</u>	<u>Base Fee</u>	<u>+ Fee Exceeding Base</u>
Less than \$5,000,000	\$5,000	N/A

\$5,000,000 or more, but less than \$10,000,000	5,000	\$.25 per thousand of assets exceeding \$5,000,000
\$10,000,000 or more, but less than \$50,000,000	6,250	\$.19 per thousand of assets exceeding \$10,000,000
\$50,000,000 or more, but less than \$100,000,000	13,850	\$.12 per thousand of assets exceeding \$50,000,000
\$100,000,000 or more, but less than \$500,000,000	19,850	\$.10 per thousand of assets exceeding \$100,000,000
\$500,000,000 or more, but less than \$1,000,000,000	59,850	\$.07 per thousand of assets exceeding \$500,000,000
\$1,000,000,000 or more, but less than \$3,000,000,000	94,850	\$.05 per thousand of assets exceeding \$1,000,000,000

\$3,000,000,000 or more, but less than \$10,000,000,000	194,850	\$.03 per thousand of assets exceeding \$3,000,000,000
\$10,000,000,000 or more, but less than \$20,000,000,000	404,850	\$.02 per thousand of assets exceeding \$10,000,000,000
<i>\$20,000,000,000 or more</i>	<i>604,850</i>	<i>\$.01 per thousand of assets exceeding \$20,000,000,000</i>

Any adjustment to the fee ~~{required to account for the distribution of unused portions of or increases in the annual appropriation from the State General Fund}~~ must be made in a proportionate amount that is based on the relationship that the fee determined for each savings and loan association ~~{pursuant to paragraph (a)}~~ bears to the total fee imposed on all savings and loan associations licensed pursuant to chapter 673 of NRS. *The fee is calculated as of June 1 of each year based upon the number of savings and loan associations and the total assets of each savings and loan association as of December 31 of the previous year.*

3. If the fee is not paid on or before June 30, the Commissioner will assess a penalty of 10 percent of the amount of the fee and an additional 1 percent of the fee for each month or portion of a month that the fee is not paid. The Commissioner may waive the penalty for good cause.

4. The fee does not include the cost of any extraordinary examination, audit, investigation or hearing conducted by the Division. The cost of any such examination, audit, investigation or hearing is ~~60~~ \$75 per hour.

**Sec. 7.** NAC 675.080 is hereby amended to read as follows:

675.080 1. The Commissioner of Financial Institutions will charge and collect a fee of ~~30~~ \$75 per hour from each installment loan company for any supervision, examination, audit, investigation or hearing conducted pursuant to chapter 675 of NRS.

2. The Commissioner will bill each installment loan company upon the completion of the activity for the fee established in subsection 1. The fee must be paid within 30 days after the date the bill is received. Except as otherwise provided in this subsection, any payment received after that date must include a penalty of 10 percent of the fee plus an additional 1 percent of the fee for each month, or portion of a month, that the fee is not paid. The Commissioner may waive the penalty for good cause.

3. Failure of an installment loan company to pay the fee required by subsection 1 as provided in this section constitutes grounds for revocation of its license.

**Sec. 8.** NAC 676A.260 is hereby amended to read as follows:

676A.260 1. The Commissioner will charge and collect a fee of ~~100~~ \$75 per hour from each registered provider for any examination, *audit, investigation or hearing* of the registered provider conducted pursuant to chapter 676A of NRS.

2. The Commissioner will bill each registered provider upon the completion of the activity for the fee established in subsection 1. The fee must be paid within 30 days after the date the bill is received. Except as otherwise provided in this subsection, any payment received after that date must include a penalty of 10 percent of the fee plus an additional 10 percent of the fee for each

month, or portion of a month, that the fee is not paid. The Commissioner may waive the penalty for good cause.

3. Failure of a registered provider to pay the fee required in subsection 1 as provided in this section constitutes grounds for revocation of the registration of the provider.

**Sec. 9.** NAC 677.310 is hereby amended to read as follows:

677.310 1. On or before June 30 of each year, the Commissioner of Financial Institutions will collect a fee from each thrift company for the supervision and examination of the thrift company pursuant to chapter 677 of NRS.

2. The fee is based on the portion of the annual ~~appropriation from the State General Fund~~ *to* *budget approved by the Legislature for expenses related to the operations of the Commissioner and* the Division of Financial Institutions ~~that is attributable to the supervision and examination of thrift companies.~~ *minus all other revenues collected by the Division, not including reserves.* Each thrift company shall pay a share of that amount as determined by the following schedule:

<u>Total Assets</u>	<u>Base Fee</u>	<u>+ Fee Exceeding Base</u>
Less than \$5,000,000	\$5,000	N/A
\$5,000,000 or more, but less than \$10,000,000	5,000	\$.25 per thousand of assets exceeding \$5,000,000

\$10,000,000 or more, but less than \$50,000,000	6,250	\$.19 per thousand of assets exceeding \$10,000,000
\$50,000,000 or more, but less than \$100,000,000	13,850	\$.12 per thousand of assets exceeding \$50,000,000
\$100,000,000 or more, but less than \$500,000,000	19,850	\$.10 per thousand of assets exceeding \$100,000,000
\$500,000,000 or more, but less than \$1,000,000,000	59,850	\$.07 per thousand of assets exceeding \$500,000,000
\$1,000,000,000 or more, but less than \$3,000,000,000	94,850	\$.05 per thousand of assets exceeding \$1,000,000,000
\$3,000,000,000 or more, but less than	194,850	\$.03 per thousand of assets exceeding

\$10,000,000,000		\$3,000,000,000
\$10,000,000,000 or more, but less than \$20,000,000,000	404,850	\$.02 per thousand of assets exceeding \$10,000,000,000
<i>\$20,000,000,000 or more</i>	<i>604,850</i>	<i>\$.01 per thousand of assets exceeding \$20,000,000,000</i>

Any adjustment to the fee ~~required to account for the distribution of unused portions of or increases in the annual appropriation from the State General Fund~~ must be made in a proportionate amount that is based on the relationship that the fee determined for each thrift company ~~pursuant to paragraph (a)~~ bears to the total fee imposed on all thrift companies licensed pursuant to chapter 677 of NRS. *The fee is calculated as of June 1 of each year based upon the number of thrift companies and the total assets of each thrift company as of December 31 of the previous year.*

3. If the fee is not paid on or before June 30, the Commissioner will assess a penalty of 10 percent of the amount of the fee and an additional 1 percent of the fee for each month or portion of a month that the fee is not paid. The Commissioner may waive the penalty for good cause.

4. The fee does not include the cost of any extraordinary examination, audit, investigation or hearing conducted by the Division. The cost of any such examination, audit, investigation or hearing is ~~60~~ \$75 per hour.

**Sec. 10.** NAC 678.150 is hereby amended to read as follows:

678.150 1. On or before June 30 of each year, the Commissioner will collect a fee from each credit union for the supervision and examination of the credit union pursuant to chapter 678 of NRS.

2. The fee is based on the portion of the annual ~~appropriation from the State General Fund to~~ *budget approved by the Legislature for expenses related to the operations of the Commissioner and* the Division ~~that is attributable to the supervision and examination of credit unions~~ *minus all other revenues collected by the Division, not including reserves.* Each credit union shall pay a share of that amount as determined by the following schedule:

<u>Total Assets</u>	<u>Base Fee</u>	<u>+ Fee Exceeding Base</u>
Less than \$5,000,000	\$5,000	N/A
\$5,000,000 or more, but less than \$10,000,000	5,000	\$.25 per thousand of assets exceeding \$5,000,000
\$10,000,000 or more, but less than \$50,000,000	6,250	\$.19 per thousand of assets exceeding \$10,000,000
\$50,000,000 or more, but less than \$100,000,000	13,850	\$.12 per thousand of assets exceeding \$50,000,000

\$100,000,000 or more, but less than \$500,000,000	19,850	\$.10 per thousand of assets exceeding \$100,000,000
\$500,000,000 or more, but less than \$1,000,000,000	59,850	\$.07 per thousand of assets exceeding \$500,000,000
\$1,000,000,000 or more, but less than \$3,000,000,000	94,850	\$.05 per thousand of assets exceeding \$1,000,000,000
\$3,000,000,000 or more, but less than \$10,000,000,000	194,850	\$.03 per thousand of assets exceeding \$3,000,000,000
\$10,000,000,000 or more, but less than \$20,000,000,000	404,850	\$.02 per thousand of assets exceeding \$10,000,000,000
<b><i>\$20,000,000,000 or more</i></b>	<b><i>604,850</i></b>	<b><i>\$.01 per thousand of assets exceeding \$20,000,000,000</i></b>

Any adjustment to the fee ~~{required to account for the distribution of unused portions of or increases in the annual appropriation from the State General Fund}~~ must be made in a proportionate amount that is based on the relationship that the fee determined for each credit union ~~{pursuant to this subsection}~~ bears to the total fee imposed on all credit unions licensed pursuant to chapter 678 of NRS. *The fee is calculated as of June 1 of each year based upon the number of credit unions and the total assets of each credit union as of December 31 of the previous year.*

3. If the fee is not paid on or before June 30, the Commissioner will assess a penalty of 10 percent of the amount of the fee and an additional 1 percent of the fee for each month or portion of a month that the fee is not paid. The Commissioner may waive the penalty for good cause.

4. The fee does not include the cost of any extraordinary examination, audit, investigation or hearing conducted by the Division. The cost of any such examination, audit, investigation or hearing is  ~~{\$60} \$75~~ per hour.

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS  
INFORMATIONAL STATEMENT AS REQUIRED BY NRS 233B.066**

**LCB File No. R054-16, dated May 5, 2016**

**The following statement is submitted by the  
State of Nevada, Department of Business and Industry,  
Division of Financial Institutions (“Division”) for adopted amendments to**

**Nevada Administrative Code (“NAC”) Chapters  
604A, 649, 658, 669, 671, 673, 675, 676A, 677, and 678.**

**1. A clear and concise explanation of the need for the adopted regulation amendments.**

The Nevada Financial Institutions Division (NFID) converted to operating as a fee-funded Division in 2003. Since that time, and for a longer period in many cases, the hourly exam fees and the assessment calculations have not been revisited; in some cases not for 25 years (see exhibits A1 and A2). The required update to the hourly exam fee equates to a minimum rate of \$75 per hour. While still considered low, this amount does come closer to current market rates for the type of professional services that are being administered by the Division and its personnel. The new calculation method for assessments, combined with more realistic hourly fees, will allow for all the Division to continue maintaining a fee-funded budget. More importantly, all entities under supervision move toward more equitable contributions to covering the true costs of their supervision and related activities provided by the Division.

Another factor influencing the decision to revise the hourly exam fee to \$75 is the decline in the number of Nevada state chartered depository institutions (banks, credit unions, and thrifts) from closures and charter consolidations as a result of the financial crisis, and the massive increase in non-depository licensees (trust companies, payday lenders, collection agencies, money transmitters, etc.). As a result the utilization of Division resources (and associated expenditures) has shifted from 50% - 50% to depositories 25% - non-depositories 75%.

Based upon the above facts, an extensive analysis was conducted by the Division in order to establish a more equitable balance between the assessment fees paid by depositories and the exam fees paid by non-depositories. It has been determined that to accomplish an equitable resource utilization based on a balance between depository assessment fees and non-depository examination fees, the per hour rate for non-depository examinations must increase to a minimum of \$75 (NFID study yielded the hourly rate of ~ \$83/hour).

In conclusion, an hourly examination fee of \$75/hour needs to be adopted in order to equitably balance the utilization of Division resources. In addition to the above hourly examination fee adjustment, revising the method of calculation of an annual fee collected by the Commissioner from certain depository institutions and providing other matters properly relating thereto is also needed. It is important to reemphasize, the Division is fully funded by assessments and the examination fees from the institutions and licensees it regulates and does not take any of its revenue from the General Fund.

**2. A description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.**

**(a) A description of how public comment was solicited:**

Public comment was solicited by e-mailing the proposed regulation, notice of workshop, notice of intent to act upon the regulation, adoption hearing, and small business impact statement to all persons, licensees, and interested parties on the Division mailing list requesting notification of the proposed regulations. The documents were also made available on the website of the Division, <http://fid.nv.gov>, mailed to the main library for each county in Nevada, and posted at the following locations:

Department of Business & Industry  
Las Vegas Director's Office  
555 E. Washington Avenue  
Suite 4900  
Las Vegas, NV 89101

Department of Business & Industry  
Carson City Director's Office  
1830 College Parkway,  
Suite 100  
Carson City, NV 89706

Office of the Commissioner  
2785 E. Desert Inn Rd.  
Suite 180  
Las Vegas, Nevada 89121

Northern Nevada Examination Office  
1755 East Plumb Lane  
Suite 243  
Reno, Nevada 89502

The Division distributed drafts of the regulation amendments with each proposed change from the initial announcement of the regulation amendments on May 20, 2016, until the public hearing/adoption meeting that was held on July 26, 2016. Public comment was solicited at a workshop held on July 8, 2016 and also at the public hearing/adoption meeting held on July 26, 2016. The first public meeting (workshop) took place at the Grant Sawyer Office Building in Las Vegas, Nevada and by video conference at the Legislative Building in Carson City, Nevada. The second public meeting (public hearing and adoption meeting) took place at the Grant Sawyer Office Building in Las Vegas, Nevada and by video conference at the Legislative Building in Carson City, Nevada.

**(b) A summary of the public response:**

The Division received 4 specific/individual written comments and a total of 6 persons testified at the workshop/public hearing regarding the proposal to amend all applicable regulations.

All the comments and testimony received support the work the Division has done in analyzing and proposing changes to current regulations governing fees and charges assessed on depository and non-depository institutions for regulatory supervision and examinations.

**(c) An explanation of how other interested persons may obtain a copy of the summary:**

Copy of the summary may be obtained by contacting Leonard Esterly, Deputy Commissioner, Nevada Financial Institutions Division, at (702) 486-4120 or [lesterly@fid.state.nv.us](mailto:lesterly@fid.state.nv.us). This summary will also be made available by e-mail request to [FIDMaster@fid.state.nv.us](mailto:FIDMaster@fid.state.nv.us).

**3. The number of persons who:**

**(a) Attended each hearing:**

July 8, 2016: 17  
July 26, 2016: 15

**(b) Testified at each hearing:**

July 8, 2016: 4  
July 26, 2016: 2

**(c) Submitted to the agency written statements: 4**

**4. A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified above in #3 (b) and (c), as provided to the agency.**

See exhibit B.

**5. A description of how comment was solicited from affected businesses, a summary of their responses, and an explanation of how other interested persons may obtain a copy of the summary.**

Comments were solicited from affected businesses in the same manner as they were solicited from the public. Please see the description, summary and explanation provided above in response to question #2a and also exhibit C.

**6. If after consideration of public comment the regulation amendments were adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation amendments without change.**

The original draft of the regulation was not amended. Comments and the testimony received from the workshop and public hearing were considered and all supportive of the amendments pertaining to NAC 604A, 649, 658, 669, 671, 673, 675, 676A, 677, and NAC 678.

**7. The estimated economic effect of the adopted regulation amendments on:**

**(a) The business which it is to regulate:**

**(1) Both adverse and beneficial effects:**

**(i) Adverse:**

Published examination fees did exist previously for supervision, examinations, investigations, audits, and hearings on depository institutions and non-depository licensees regulated by the Division, but not at a standardized rate (ranging from \$30 to \$100/per hour depending on the specific industry), nor has been updated in some cases for over 25 years. But, for those licensees that have the lowest rates (Money Transmitters and Installment Lenders at \$30/hour) will most likely experience the

highest impact of all Division licensed small businesses in some financial manner or form. The new Division examination fee will be increased to \$75 per hour for each hour spent by the staff of the Division to conduct an examination and develop the report of examination.

Majority of the comments received from small business (38/53 or ~ 72%) stated that there will be no adverse economic impact.

**(ii) Beneficial:**

Upon consideration of all the comments, the Division has concluded that the proposed regulation amendments could result in some economic impact upon small business and the proposed regulations could possibly affect the formation, operation, or expansion of a small business seeking to provide these services. Through well thought out and coordinated examination scheduling and procedures with Division licensed small businesses, the Division can directly lessen the impact on small businesses.

It was noted from a few of the licensees that the proposed regulatory amendments would more fairly distribute the costs of the Division to the industries that use the majority of the Division resources. Utilization of Division resources (and associated expenditures) has shifted from 50% - 50% to depositories 25% - non-depositories 75%.

Majority of the comments received from small business (51/53 or ~ 96%) stated that there will be no beneficial economic impact.

**(2) Immediate and long-term effects:**

The Division is fully funded by fees from the institutions and licensees it regulates, and does not receive any of its revenue from the General Fund. The Division only assesses or charges its licensees for the actual costs of its operations and to maintain the reserves necessary to properly regulate and supervise the industries for which it is statutorily responsible in a safe and sound manner. As such, no Division revenue becomes part of the General Fund. This self-funded operation and budget ensures the pursuit of excellence in financial institution regulation, examination, and supervision. An hourly examination fee of \$75/hour needs to be adopted because it is the lowest Division determined cost based amount possible to cover the time to conduct examinations and prepare the reports of examination.

This cost based business model is directly responsible for maintaining a financial institutions system for Nevada citizens that is safe and sound through consistent and equitable regulation, examination, supervisory enforcement, and supervision that drives the economic success of main street Nevada. This business model also protects Nevada consumers and defends the overall public interest by ensuring financial institutions comply with laws and regulations.

The Division has made every effort to reach out early and to all depository institutions and non-depository licensees it regulates in order to facilitate a joint effort to establish a reasonable hourly fee to cover only actual costs of its operations to supervise the

industries for which it is statutorily responsible and not to exacerbate any additional financial and regulatory burden upon existing small businesses.

The proposed regulation amendments could in extreme cases force some small businesses to terminate their operations. Majority of the comments received from small business (48/53 or ~ 91%) stated that there will be no indirect adverse economic impact and there would be insignificant (1/53 or ~2%) indirect beneficial economic impact. A few small businesses did state a concern that there are already too many obstacles to starting a new business, doing business in Nevada, and the increase in exam fees will just add additional burden.

**(b) The public:**

**(1) Both adverse and beneficial effects:**

**(i) Adverse:**

None.

**(ii) Beneficial:**

The Division is fully funded by fees from the institutions and licensees it regulates, and does not receive any of its revenue from the General Fund. This cost based business model is directly responsible for maintaining a financial institutions system for Nevada citizens that is safe and sound through consistent and equitable regulation, examination, supervisory enforcement, and supervision that drives the economic success of main street Nevada. This business model also protects Nevada consumers and defends the overall public interest by ensuring financial institutions and licensees comply with laws and regulations.

**(2) Immediate and long-term effects:**

The examination fees collected will be used by the Division to regulate the financial industries and licensees at the most economical and equitable method possible with the Division's established objective to maintain all fees at the lowest level possible to cover only agency costs to implement/operate/enforce and not to over burden small business with high and unnecessary fees.

**8. The estimated cost to the agency for enforcement of the adopted regulation amendments.**

There is no estimated cost to the Division for enforcement of the proposed regulation amendments.

**9. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the regulation amendments overlap or duplicates a federal regulation, the name of the regulating federal agency.**

To our knowledge the proposed regulations do not duplicate any existing federal, state, or local standards regulating the same activity. There are a total of ten (10) Division regulations that will be amended.

**10. If the regulation amendments include provisions that are more stringent than a federal regulation which regulates the same activity, a summary of those provisions.**

There are no federal regulations that apply.

**11. If the regulation amendments establish a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

The proposed amendments provide for a reasonable hourly fee to equitably cover only actual costs of the Division's operations. The total additional amount the Division expects to collect from non-depository licensees that utilized 71.5% of the Division resources based on the recent data for examinations (2016 data) is approximately \$245,000 per year. However, there will be a commensurate reduction to the assessment for depository institutions that only utilize 28.5% of Division resources. The examination fees collected will be used by the Division to regulate the financial institutions and licensees at the most economical and equitable method possible with the Division's established objective to maintain all fees at the lowest level possible to cover only agency costs to license, examine, and supervise, and not to over burden small business with high and unnecessary fees.

**SEE COPY FILED WITH STATE LIBRARY AND ARCHIVES FOR ATTACHMENTS.**