

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS AS REQUIRED BY
NRS 233B.066
LCB FILE NO. R176-18**

The following statement is submitted for adopted amendments to Nevada Administrative Code (NAC) Chapter 645C.

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

In 2019, the Nevada Legislature passed Senate Bill 39 which made various changes to NRS 645C to incorporate the new requirements that were created by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

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

The Commission of Appraisers of Real Estate (Commission) posted the notice of workshop and proposed changes to NAC 645C on the Division's website and sent the notice and proposed changes to interested parties at organizations, associations and businesses relating to this profession. Along with the notice of workshop and proposed changes, a survey was posted for small businesses to complete regarding how the proposed changes will affect their business.

The Commission conducted a regulation workshop on August 27, 2019. There was comment from a member of the public at the workshop regarding Section 2 of agency draft of the proposed regulation regarding advertisement for appraisal management companies that operate in multiple states. There was also comment regarding Section 3 of the proposed regulation requesting to make the language in, now subsection 7 of the LCB draft of the proposed regulation, uniform with the language in NRS 645C.650 as amended by Senate Bill 39 2019 Legislative Session. There was comment from a member of the public regarding Section 8 of the agency draft of the proposed regulation that would amend NAC 645C.065 regarding experience requirements. There was comment from a member of the public regarding Section 40 subsection 3(d) of the agency draft regarding the use of a fee schedule. There was comment from a member of the public regarding Section 42 subsection 1 regarding the annual national registry fee and drafting the language to be similar to Section 7 of the agency draft of the proposed regulation. There was comment from a member of the public regarding Section 45 of the agency draft concerning the definition of "advertisement".

The Commission conducted an adoption hearing on March 3, 2020. There were no comments from the public.

Interested persons may obtain a copy of the small business impact statement or submit statements of impact to:

Teralyn Lewis
Administration Section Manager
Nevada Real Estate Division
3300 W. Sahara Avenue, Suite 350
Las Vegas, NV 89102

3. The number of persons who:

(a) Attended each hearing:

Workshop on August 27, 2019:	18
Adoption Hearing on March 13, 2020:	16

(b) Testified at each hearing:

Workshop on August 27, 2019:	6
Adoption Hearing on March 13, 2020:	0

(c) Submitted to the agency written comments: 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, as provided to the agency, is attached as Exhibit A.

Please see attached.

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

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Teralyn.Lewis@red.nv.gov
702-486-4036

6. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

The proposed regulation was adopted on March 3, 2020, and included changes suggested at the workshop and the adoption hearing conducted.

7. The estimated economic effect of the adopted regulation on the businesses which it is to regulate and on the public. These must be stated separately, and each case must include:

Business which it is to regulate

(a) Both adverse and beneficial effects.

Adverse effects:

The advertising requirement concerned some national organizations who were concerned that it would be extremely difficult to include all AMC registrations in regional and national advertisements. Based on that feedback the Commission modified the proposed regulation to make it specific to Nevada. Due to the changes in advertisement requirements, businesses might be required to change or update current advertisement.

Beneficial effects:

The ability to use experience in lieu of a degree to apply as a licensed residential appraiser and a certified residential appraiser will significantly benefit businesses that are looking to hire new appraisers. These additional appraisers would also be able to serve the underserved areas of central and northern Nevada.

Proposed changes to the regulation allow for more flexibility to conduct an inspection of property for a registered intern.

(b) Both immediate and long-term effects.

Immediate effects:

Proposed changes to the regulation could result in cost increases to appraisal management companies and businesses who will be required to update their advertisement to include

their license number. There would be an increase in costs for appraisal management companies to pay the annual national registry fee as required by the Federal Financial Institutions Examination Council. Companies will benefit from an increased pool of licensed appraisers to hire or select from due to the changes to the education requirements. This will allow Companies to take on additional appraisal assignments and increase revenue. Also, the proposed changes to regulation would directly affect registered appraiser interns allowing more flexibility to conduct an inspection.

Long-term effects:

Lenders benefit because the pool of licensed residential appraisers would increase due to the change in education requirements. This could result in cost decreases of appraisals in rural and underserved areas. Lenders may be more inclined to use appraisals and reduce the use of alternative methods to value homes.

Public

(a) Both adverse and beneficial effects.

Adverse effects:

None

Beneficial effects:

Potential decrease in costs of appraisals in rural and underserved areas. Increase in the pool of licensed residential appraisers

(b) Both immediate and long-term effects.

Immediate effects:

Potential decrease in costs of appraisals in rural and underserved areas

Long-term effects:

Potential decrease in costs of appraisals in rural and underserved areas. Increase in the pool of licensed residential appraisers

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

No additional estimated costs to the agency for enforcement of the proposed regulation.

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 overlaps or duplicates a federal regulation, the name of the regulating federal agency.

Some provisions duplicate the Dodd-Frank Wall Street Reform and Consumer Protection Act Section 1473 which amends various sections of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 as it related to Appraisal Subcommittee of the Federal Financial Institutions Examination Council. The provisions are not more stringent.

10. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.

The provisions are not more stringent.

11. If the regulation provides 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.

This proposed regulation to comply with Title XI of the Financial Institution Reform, Recovery, and Enforcement Act of 1989 made by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, requires per the final rule promulgated by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (ASC) Appraisal Management Companies (AMC) registry fees to be collected and transmitted to the ASC on an annual basis by States that elect to register and supervise AMCs. These fees are not retained by the State. The fees are used by the ASC to maintain a “registry” of AMC’s. The total amount of fees cannot be determined at this time as it will vary based on several factors including but not limited to the number of AMC’s, the number of appraisers on the AMC panel and whether the AMC is federally regulated. This regulation also lists the fees that are currently in NRS 645C. The Commission would like to move these fees into regulation and repeal the same fees from statute during the next legislative session. There are no additional fees being added at this time. The fees will continue to be collected and used in the manner that they are currently being collected and used.