

SENATE BILL NO. 498—COMMITTEE ON  
COMMERCE, LABOR AND ENERGY

MARCH 27, 2017

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Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions relating to mortgage brokers and mortgage bankers. (BDR 54-484)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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

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AN ACT relating to mortgage lending; revising provisions relating to continuing education for mortgage brokers and mortgage agents; revising provisions for the examination of mortgage brokers and mortgage bankers; authorizing the Commissioner of Mortgage Lending to waive the monthly report of activity of a mortgage broker or mortgage banker; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

- 1 Existing law requires a mortgage broker or mortgage agent to satisfy certain
- 2 requirements for continuing education. (NRS 645B.051, 645B.430) **Sections 1 and**
- 3 **3.5** of this bill eliminate a requirement that certain courses of continuing education
- 4 for a mortgage broker or mortgage agent include at least 3 hours relating to the laws
- 5 and regulations of this State.
- 6 Existing law requires the Commissioner of Mortgage Lending to perform
- 7 annual examinations of mortgage brokers and mortgage bankers. (NRS 645B.060,
- 8 645E.300) **Sections 1.5 and 6** of this bill eliminate the requirement for an annual
- 9 examination and instead require the Commissioner to conduct, at his or her
- 10 discretion, standard examinations of a mortgage broker or mortgage banker.
- 11 Existing law requires each mortgage broker or mortgage banker to submit a
- 12 monthly report of the activity of the mortgage broker or mortgage banker to the
- 13 Commissioner. (NRS 645B.080, 645E.350) **Sections 2 and 7** of this bill allow the
- 14 Commissioner to waive this requirement if substantially similar information is
- 15 available to the Commissioner from another source.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1       **Section 1.** NRS 645B.051 is hereby amended to read as  
2 follows:

3       645B.051 1. Except as otherwise provided in subsection 2, in  
4 addition to the requirements set forth in NRS 645B.050, to renew a  
5 license as a mortgage broker:

6       (a) If the licensee is a natural person, the licensee must submit to  
7 the Commissioner satisfactory proof that the licensee attended at  
8 least 10 hours of certified courses of continuing education during  
9 the 12 months immediately preceding the date on which the license  
10 expires.

11       (b) If the licensee is not a natural person, the licensee must  
12 submit to the Commissioner satisfactory proof that each natural  
13 person who supervises the daily business of the licensee attended at  
14 least 10 hours of certified courses of continuing education during  
15 the 12 months immediately preceding the date on which the license  
16 expires.

17       2. In lieu of the continuing education requirements set forth in  
18 paragraph (a) or (b) of subsection 1, a licensee or any natural person  
19 who supervises the daily business of the licensee who, pursuant to  
20 subsection 1 of NRS 645F.267, is not required to register or renew  
21 with the Registry and who has not voluntarily registered or renewed  
22 with the Registry must submit to the Commissioner satisfactory  
23 proof that he or she attended at least 5 hours of certified courses of  
24 continuing education during the 12 months immediately preceding  
25 the date on which the license expires. The hours of continuing  
26 education required by this subsection must include ~~†~~:

27       ~~(a) At least 3 hours relating to the laws and regulations of this~~  
28 ~~State; and~~

29       ~~(b) At~~ *at* least 2 hours relating to ethics.

30       3. As used in this section, “certified course of continuing  
31 education” means a course of continuing education which relates to  
32 the mortgage industry or mortgage transactions and which meets the  
33 requirements set forth by the Commissioner by regulation pursuant  
34 to NRS 645B.0138.

35       **Sec. 1.5.** NRS 645B.060 is hereby amended to read as follows:

36       645B.060 1. Subject to the administrative control of the  
37 Director of the Department of Business and Industry, the  
38 Commissioner shall exercise general supervision and control over  
39 mortgage brokers and mortgage agents doing business in this State.

40       2. In addition to the other duties imposed upon him or her by  
41 law, the Commissioner shall:

42       (a) Adopt regulations:



1 (1) Setting forth the requirements for an investor to acquire  
2 ownership of or a beneficial interest in a loan secured by a lien on  
3 real property. The regulations must include, without limitation, the  
4 minimum financial conditions that the investor must comply with  
5 before becoming an investor.

6 (2) Establishing reasonable limitations and guidelines on  
7 loans made by a mortgage broker to a director, officer, mortgage  
8 agent or employee of the mortgage broker.

9 (b) Adopt any other regulations that are necessary to carry out  
10 the provisions of this chapter, except as to loan brokerage fees.

11 (c) Conduct such investigations as may be necessary to  
12 determine whether any person has violated any provision of this  
13 chapter, a regulation adopted pursuant to this chapter or an order of  
14 the Commissioner.

15 (d) ~~Except as otherwise provided in subsection 4, conduct an~~  
16 ~~annual examination~~ *Conduct, at his or her discretion, standard*  
17 *examinations* of each mortgage broker doing business in this State  
18 ~~[- The annual examination]~~ *which* must include, without limitation,  
19 a formal exit review with the mortgage broker. The Commissioner  
20 shall adopt regulations prescribing:

21 (1) Standards for determining the rating of each mortgage  
22 broker based upon the results of ~~the annual~~ *a standard*  
23 examination; and

24 (2) Procedures for resolving any objections made by the  
25 mortgage broker to the results of the annual examination. The  
26 results of the annual examination may not be opened to public  
27 inspection pursuant to NRS 645B.090 until after a period of time set  
28 by the Commissioner to determine any objections made by the  
29 mortgage broker.

30 (e) Conduct such other examinations, periodic or special audits,  
31 investigations and hearings as may be necessary for the efficient  
32 administration of the laws of this State regarding mortgage brokers  
33 and mortgage agents. The Commissioner shall adopt regulations  
34 specifying the general guidelines that will be followed when a  
35 periodic or special audit of a mortgage broker is conducted pursuant  
36 to this chapter.

37 (f) Classify as confidential certain records and information  
38 obtained by the Division when those matters are obtained from a  
39 governmental agency upon the express condition that they remain  
40 confidential. This paragraph does not limit examination by:

41 (1) The Legislative Auditor; or

42 (2) The Department of Taxation if necessary to carry out the  
43 provisions of chapters 363A and 363C of NRS.

44 (g) Conduct such examinations and investigations as are  
45 necessary to ensure that mortgage brokers and mortgage agents meet



1 the requirements of this chapter for obtaining a license, both at the  
2 time of the application for a license and thereafter on a continuing  
3 basis.

4 3. For each special audit, investigation or examination, a  
5 mortgage broker or mortgage agent shall pay a fee based on the rate  
6 established pursuant to NRS 645F.280.

7 ~~4. The Commissioner may conduct examinations of a~~  
8 ~~mortgage broker, as described in paragraph (d) of subsection 2, on a~~  
9 ~~biennial instead of an annual basis if the mortgage broker:~~

10 ~~—(a) Received a rating in the last annual examination that meets a~~  
11 ~~threshold determined by the Commissioner;~~

12 ~~—(b) Has not had any adverse change in financial condition since~~  
13 ~~the last annual examination, as shown by financial statements of the~~  
14 ~~mortgage broker;~~

15 ~~—(c) Has not had any complaints received by the Division that~~  
16 ~~resulted in any administrative action by the Division; and~~

17 ~~—(d) Does not maintain any trust accounts pursuant to NRS~~  
18 ~~645B.170 or 645B.175 or arrange loans funded by private~~  
19 ~~investors.]~~

20 **Sec. 2.** NRS 645B.080 is hereby amended to read as follows:

21 645B.080 1. Each mortgage broker shall keep and maintain  
22 at all times at each location where the mortgage broker conducts  
23 business in this state complete and suitable records of all mortgage  
24 transactions made by the mortgage broker at that location. Each  
25 mortgage broker shall also keep and maintain at all times at each  
26 such location all original books, papers and data, or copies thereof,  
27 clearly reflecting the financial condition of the business of the  
28 mortgage broker.

29 2. ~~Each~~ *Except as otherwise provided in subsection 3, each*  
30 mortgage broker shall submit to the Commissioner each month a  
31 report of the mortgage broker's activity for the previous month. The  
32 report must:

33 (a) Specify the volume of loans arranged by the mortgage broker  
34 for the month or state that no loans were arranged in that month;

35 (b) Include any information required pursuant to NRS 645B.260  
36 or pursuant to the regulations adopted by the Commissioner; and

37 (c) Be submitted to the Commissioner by the 15th day of the  
38 month following the month for which the report is made.

39 3. *The Commissioner may waive the requirement to submit a*  
40 *report pursuant to subsection 2 if substantially similar information*  
41 *is available to the Commissioner from another source.*

42 4. The Commissioner may adopt regulations prescribing  
43 accounting procedures for mortgage brokers handling trust accounts  
44 and the requirements for keeping records relating to such accounts.



1 ~~4~~ 5. Each mortgage broker who is required to register or  
2 voluntarily registers with the Registry shall submit to the Registry  
3 and the Commissioner a report of condition or any other report  
4 required by the Registry in the form and at the time required by the  
5 Registry.

6 **Sec. 3.** NRS 645B.260 is hereby amended to read as follows:

7 645B.260 1. If a mortgage broker maintains any accounts  
8 described in subsection 4 of NRS 645B.175 in which the mortgage  
9 broker deposits payments from a debtor on a loan secured by a lien  
10 on real property and, on the last day of any month, the debtor has  
11 failed to make two or more consecutive payments in accordance  
12 with the terms of the loan, the mortgage broker shall:

13 (a) Include in the report that the mortgage broker submits to the  
14 Commissioner pursuant to subsection 2 of NRS 645B.080 , *if any*,  
15 the information relating to delinquencies in payments and defaults  
16 that is required by the regulations adopted pursuant to subsection 2;

17 (b) Not later than 15 days after the last day of each such month,  
18 mail to the last known address of each investor who owns a  
19 beneficial interest in the loan a notice containing the information  
20 relating to delinquencies in payments and defaults that is required  
21 by the regulations adopted pursuant to subsection 2; and

22 (c) Comply with the provisions of this section each month on a  
23 continuing basis until:

24 (1) The debtor or the debtor's designee remedies the  
25 delinquency in payments and any default; or

26 (2) The lien securing the loan is extinguished.

27 2. The Commissioner:

28 (a) Shall adopt regulations prescribing the information relating  
29 to delinquencies in payments and defaults that a mortgage broker  
30 must include in his or her report to the Commissioner and in the  
31 notice mailed to investors pursuant to subsection 1. Such regulations  
32 may provide for variations between the information that a mortgage  
33 broker must include in his or her report to the Commissioner and the  
34 information that a mortgage broker must include in the notice  
35 mailed to investors.

36 (b) May adopt any other regulations that are necessary to carry  
37 out the provisions of this section.

38 **Sec. 3.5.** NRS 645B.430 is hereby amended to read as follows:

39 645B.430 1. A license as a mortgage agent issued pursuant to  
40 NRS 645B.410 expires each year on December 31, unless it is  
41 renewed. To renew a license as a mortgage agent, the holder of the  
42 license must continue to meet the requirements of subsection 3 of  
43 NRS 645B.410 and must submit to the Commissioner on or after  
44 November 1 and on or before December 31 of each year, or on a  
45 date otherwise specified by the Commissioner by regulation:



- 1 (a) An application for renewal;
- 2 (b) Except as otherwise provided in this section, satisfactory
- 3 proof that the holder of the license as a mortgage agent attended at
- 4 least 10 hours of certified courses of continuing education during
- 5 the 12 months immediately preceding the date on which the license
- 6 expires; and
- 7 (c) A renewal fee set by the Commissioner of not more than
- 8 \$170.

9 2. In lieu of the continuing education requirement set forth in  
10 paragraph (b) of subsection 1, the holder of a license as a mortgage  
11 agent who, pursuant to subsection 1 of NRS 645F.267, is not  
12 required to register or renew with the Registry and who has not  
13 voluntarily registered or renewed with the Registry must submit to  
14 the Commissioner satisfactory proof that he or she attended at least  
15 5 hours of certified courses of continuing education during the 12  
16 months immediately preceding the date on which the license  
17 expires. The hours of continuing education required by this  
18 subsection must include ~~4~~:

19 ~~—(a) At least 3 hours relating to the laws and regulations of this~~  
20 ~~State; and~~

21 ~~—(b) At~~ *at* least 2 hours relating to ethics.

22 3. If the holder of the license as a mortgage agent fails to  
23 submit any item required pursuant to subsection 1 or 2 to  
24 the Commissioner on or after November 1 and on or before  
25 December 31 of any year, unless a different date is specified by the  
26 Commissioner by regulation, the license is cancelled as of  
27 December 31 of that year. The Commissioner may reinstate a  
28 cancelled license if the holder of the license submits to the  
29 Commissioner on or before February 28 of the following year:

- 30 (a) An application for renewal;
- 31 (b) The fee required to renew the license pursuant to this
- 32 section; and
- 33 (c) A reinstatement fee of \$75.

34 4. To change the mortgage broker with whom the mortgage  
35 agent is associated, a person must pay a fee in an amount prescribed  
36 by regulation of the Commissioner, not to exceed \$50.

37 5. Money received by the Commissioner pursuant to this  
38 section is in addition to any fee that must be paid to the Registry and  
39 must be deposited in the Account for Mortgage Lending created by  
40 NRS 645F.270.

41 6. The Commissioner may require a licensee to submit an item  
42 or pay a fee required by this section directly to the Division or, if the  
43 licensee is required to register or voluntarily registers with the  
44 Registry, to the Division through the Registry.



1 7. Nothing in this section shall be construed as preventing the  
2 Commissioner from renewing the license of a mortgage agent who  
3 does not satisfy the criteria set forth in paragraph (e) of subsection 1  
4 of NRS 645B.410 at the time of the application for renewal.

5 8. As used in this section, "certified course of continuing  
6 education" has the meaning ascribed to it in NRS 645B.051.

7 **Sec. 4.** NRS 645B.690 is hereby amended to read as follows:

8 645B.690 1. If a person offers or provides any of the services  
9 of a mortgage broker or mortgage agent or otherwise engages in,  
10 carries on or holds himself or herself out as engaging in or carrying  
11 on the business of a mortgage broker or mortgage agent and, at the  
12 time:

13 (a) The person was required to have a license pursuant to this  
14 chapter and the person did not have such a license;

15 (b) The person was required to be registered with the Registry  
16 and the person was not so registered; or

17 (c) The person's license was suspended or revoked pursuant to  
18 this chapter,

19 ➔ the Commissioner shall impose upon the person an  
20 administrative fine of not more than \$50,000 for each violation and,  
21 if the person has a license, the Commissioner may suspend or  
22 revoke it.

23 2. If a mortgage broker violates any provision of subsection 1  
24 of NRS 645B.080 and the mortgage broker fails, without reasonable  
25 cause, to remedy the violation within 20 business days after being  
26 ordered by the Commissioner to do so or within such later time as  
27 prescribed by the Commissioner, or if the Commissioner orders a  
28 mortgage broker to provide information, make a report or permit an  
29 examination of his or her books or affairs pursuant to this chapter  
30 and the mortgage broker fails, without reasonable cause, to comply  
31 with the order within 20 business days or within such later time as  
32 prescribed by the Commissioner, the Commissioner shall:

33 (a) Impose upon the mortgage broker an administrative fine of  
34 not more than \$25,000 for each violation;

35 (b) Suspend or revoke the license of the mortgage broker; and

36 (c) Conduct a hearing to determine whether the mortgage broker  
37 is conducting business in an unsafe and injurious manner that may  
38 result in danger to the public and whether it is necessary for the  
39 Commissioner to take possession of the property of the mortgage  
40 broker pursuant to NRS 645B.630.

41 3. If a mortgage broker:

42 (a) Makes or offers for sale in this State any investments in  
43 promissory notes secured by liens on real property; and

44 (b) Receives the lowest possible rating on two consecutive  
45 ~~annual or biennial~~ examinations pursuant to NRS 645B.060,





1 ↪ the Commissioner shall suspend or revoke the license of the  
2 mortgage broker.

3 **Sec. 5.** NRS 645E.030 is hereby amended to read as follows:

4 645E.030 “Commercial mortgage loan” means a loan  
5 *primarily for a business, commercial or agricultural purpose* that:

6 1. Directly or indirectly, is secured by a lien on commercial  
7 property; and

8 2. Is created with the consent of the owner of the commercial  
9 property.

10 **Sec. 6.** NRS 645E.300 is hereby amended to read as follows:

11 645E.300 1. Subject to the administrative control of the  
12 Director of the Department of Business and Industry, the  
13 Commissioner shall exercise general supervision and control over  
14 mortgage bankers doing business in this State.

15 2. In addition to the other duties imposed upon him or her by  
16 law, the Commissioner shall:

17 (a) Adopt regulations establishing reasonable limitations and  
18 guidelines on loans made by a mortgage banker to a director, officer  
19 or employee of the mortgage banker.

20 (b) Adopt any other regulations that are necessary to carry out  
21 the provisions of this chapter, except as to loan fees.

22 (c) Conduct such investigations as may be necessary to  
23 determine whether any person has violated any provision of this  
24 chapter, a regulation adopted pursuant to this chapter or an order of  
25 the Commissioner.

26 (d) ~~Except as otherwise provided in subsection 4, conduct an~~  
27 ~~annual examination~~ *Conduct, at his or her discretion, standard*  
28 *examinations* of each mortgage banker doing business in this State.

29 (e) Conduct such other examinations, periodic or special audits,  
30 investigations and hearings as may be necessary for the efficient  
31 administration of the laws of this State regarding mortgage bankers.

32 (f) Classify as confidential certain records and information  
33 obtained by the Division when those matters are obtained from a  
34 governmental agency upon the express condition that they remain  
35 confidential. This paragraph does not limit examination by:

36 (1) The Legislative Auditor; or

37 (2) The Department of Taxation if necessary to carry out the  
38 provisions of chapters 363A and 363C of NRS.

39 (g) Conduct such examinations and investigations as are  
40 necessary to ensure that mortgage bankers meet the requirements of  
41 this chapter for obtaining a license, both at the time of the  
42 application for a license and thereafter on a continuing basis.

43 3. For each special audit, investigation or examination, a  
44 mortgage banker shall pay a fee based on the rate established  
45 pursuant to NRS 645F.280.



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~~14. The Commissioner may conduct biennial examinations of a mortgage banker instead of annual examinations, as described in paragraph (d) of subsection 2, if the mortgage banker:~~

~~—(a) Received a rating in the last annual examination that meets a threshold determined by the Commissioner;~~

~~—(b) Has not had any adverse change in financial condition since the last annual examination, as shown by financial statements of the mortgage banker; and~~

~~—(c) Has not had any complaints received by the Division that resulted in any administrative action by the Division.]~~

**Sec. 7.** NRS 645E.350 is hereby amended to read as follows:

645E.350 1. Each mortgage banker shall keep and maintain at all times at each location where the mortgage banker conducts business in this State complete and suitable records of all mortgage transactions made by the mortgage banker at that location. Each mortgage banker shall also keep and maintain at all times at each such location all original books, papers and data, or copies thereof, clearly reflecting the financial condition of the business of the mortgage banker.

2. ~~Each~~ *Except as otherwise provided in subsection 3, each* mortgage banker shall submit to the Commissioner each month a report of the mortgage banker's activity for the previous month. The report must:

(a) Specify the volume of loans made by the mortgage banker for the month or state that no loans were made in that month;

(b) Include any information required pursuant to the regulations adopted by the Commissioner; and

(c) Be submitted to the Commissioner by the 15th day of the month following the month for which the report is made.

3. *The Commissioner may waive the requirement to submit a report pursuant to subsection 2 if substantially similar information is available to the Commissioner from another source.*

4. The Commissioner may adopt regulations prescribing accounting procedures for mortgage bankers handling trust accounts and the requirements for keeping records relating to such accounts.

~~14.]~~ 5. A licensee who operates outside this State an office or other place of business which is licensed pursuant to this chapter shall:

(a) Make available at a location within this State the books, accounts, papers, records and files of the office or place of business located outside this State to the Commissioner or a representative of the Commissioner; or

(b) Pay the reasonable expenses for travel, meals and lodging of the Commissioner or a representative of the Commissioner incurred



1 during any investigation or examination made at the office or place  
2 of business located outside this State.

3 ➔ The licensee must be allowed to choose between paragraph (a) or  
4 (b) in complying with the provisions of this subsection.

5 ~~5.1~~ 6. Each mortgage banker who is required to register or  
6 voluntarily registers with the Registry shall submit to the Registry  
7 and the Commissioner a report of condition or any other report  
8 required by the Registry in the form and at the time required by the  
9 Registry.

10 **Sec. 8.** This act becomes effective:

11 1. Upon passage and approval for the purpose of adopting  
12 regulations and performing any other preparatory administrative  
13 tasks that are necessary to carry out the provisions of this act; and

14 2. On January 1, 2018, for all other purposes.

