

SENATE JUDICIARY COMMITTEE
MINUTES

309

Meeting was called to order by Chairman Monroe at 9:20 a. m.
on March 20, 1969.

Committee members present:

Senator Monroe, Chairman
Senator Swobe
Senator Dodge
Senator Young
Senator Hug
Senator Christensen
Senator Bunker

Guests:

Clay Lynch, City Manager, North Las Vegas, Nevada
Jeff Shaner, Attorney for North Las Vegas, Nevada

Don McNelley, Administrator, Real Estate Division, State of
Nevada.

Pete Walters, Chairman Legislative Committee, Nevada Real
Estate Association.

D. E. (Ted) Mattson, President, Nevada Real Estate Association.

Hugo Quilici, Director, Department of Commerce, State of Nevada.

Art Wood, Incline Village, Nevada

Don Terrell, Reno, Nevada

Frank Offenhauser, Reno, Nevada

Johnnie Patton, Realtor, Reno, Nevada

Ray O'Brien, Manager, First Commercial Title Company, Reno.

Bob Bowers, Secretary Nevada Association of Realtors

Ernest Cuno, Builders Association, Reno, Nevada

Mr. Lynch and Mr. Shaner were present to discuss SB 362 (Revises
eminent domain procedures.)

Mr. Lynch explained there had been trouble in Las Vegas
getting title to property when Cheyenne Avenue was put in. There
should be provisions to get property by negotiation rather than by
suit. There are several odd shaped parcels left when a right of way
is cut that is actually worthless to the owner and this would allow
negotiations on the entire parcel rather than just the amount needed.
This is the same procedure now used by the highway department but
will save the industry and the highway department money. The
owner would be entitled to a hearing after it was decided the
land to be taken would be used for public use.

There was general discussion as to the decision of public
use and the rights of the landowner.

Chairman Monroe suggested Mr. Ogilvie be contacted on this
for further testimony.

SB 207 - Permits raise in amount of bond required of gaming licensees.

This was originally passed out of committee on February 19th passed by the Senate and sent to the Assembly Judiciary Committee where it was amended. Amendments accepted.

SB 287 - Requires full disclosure in sales of subdivided land.

A hearing was held in the Assembly Judiciary Committee room.

Mr. Don McNelley, Administrator of the Nevada Real Estate Division stated this was sponsored by the Division of Real Estate. They had been confronted with problems concerning the subdivisions in every part of the state. There was no jurisdiction over them whatsoever. SB 287 was prepared for consideration and was drawn from many areas, primarily from California and Oregon. He felt the contents of this bill were warranted altho he felt there could be a few minor changes made.

The prime concern of this bill is in the area of blanket encumbrance, and whether or not there can be partial reconveyance when a person has paid for his land receive a clear deed and title to that portion he has paid. To his knowledge there were no controls by county ordinances throughout the state to afford any protection in this area. There have been many cases where a person has paid off the property and had never received a deed to it after he made his last payment. He felt there should be some help for these people.

Chairman Monroe asked how much control would be afforded in the new Federal Act.

Mr. McNelley was certain the Federal Act would only control land parcels of five or more acres, so there would be need for controls for parcels under five acres within the state.

Mr. Pete Walters, Legislative Chairman of the Nevada Association of Realtors stated the Association felt there was a need for this act and they were for the passage. They felt there was an obligation to the general public. This is one bill that would restrict their own activities but the Association is not interested in feathering their own nests but in protecting the public.

There are suggestions from the Realtors Association for certain changes. They suggest to exclude any subdivisions that are under the jurisdiction of the regional planning commission.

In the interest of a subdivision developer we suggest that on page 2 lines 42 and 43 that there be a change in words "subdivision plat" to "tentative plat". The reason for this is that it takes approximately

ninety days to clear thru the governmental bodies involved in order to get a subdivision actually plat completed. The work could be advanced and submitted and the governmental bodies would not be holding up the approval. A delay in many instances can mean additional costs.

Another suggestion is that on Page 2, section 14 and page 3, section 17 provisions be made for the presenting of the proposed standards at a public hearing so the plat can be discussed by all representatives of the industry, developers themselves, civil engineering firms who will be working for the developers, real estate brokers, title companies and the lenders. All of them have concern and they should all be aware of the rules and regulations.

There is a correction we think should be made. Page 3, section 17, line 30 and 31, calling for the omitting of the bonding requirements if the county involved has already called for a bond. We think this should be spelled out here.

Another suggestion, ties in directly with the 90 day requirement, We are anxious to get this concurrent 90 days to run from the day of declaration of the intent.

We are so anxious to get this concurrent that we are going to suggest these changes be considered by you as they are agreeable to the industry. We feel even tho the Federal bill is coming up, we should protect the people of the State of Nevada by Nevada legislation.

Chairman Monroe asked for other speakers on this bill.

Mr. Art Wood, subdivider from Incline Village, Lake Tahoe, stated he really felt there should be a subdivision control. He stated this act would be workable and the administrator would have complete control. He had a copy of the California regulations for comparison. He felt the Federal Act should not exempt some lands but that it should control all parcels involved in subdivisions.

He objected to the present regulations of appraising the property and also that nothing could be filed until a title report was received on the parcel. There should be a way to arrive at a reasonable market value of property as appraisers can be thousands of dollars different in their appraisals.

Mr. Hugo Quilici, Director of the Department of Commerce stated there was now a commission set up composed of five members appointed by the Governor. Any one who would have a grievance and are not satisfied with the decision of the city officials they could make an appeal to the Commission for a hearing.

Mr. Don Terrell, a subdivider in Reno, recognized the fact that there are abuses used by subdividing developers. He felt the mechanics of this bill should be expedited as fast as possible to protect the citizens of Nevada.

There was general discussion between Senator Dodge and Mr. McNelly as to the control of the city and county authorities over subdivisions. Mr. McNelly pointed out that many cities had more control over subdivisions than the counties had but the control was not the same throughout the state and in some places there were no controls at all.

Mr. Frank Offenhauser, a subdivider in Reno, gave an example as to what problems one had to go through now to have a subdivision approved.

You first had to hire your own engineer to draw the original plat, then go to the city or county engineer for approval. Then to the health department, to the regional planning department and their staff. There were local codes as to water, gas and electricity and they all had to be followed and approved. You had to pay cash in advance to utility companies. After this then you have to go back to the Regional planning commission to get the plats signed. The Title company had to check the title and record the map. You could spend four months to a year to get your subdivision approved and with the economic changes and with points going up all of the time you could not plan your financial picture ahead. You then had to wait 90 days for the administrator a person would be out of business before they started.

Mr. McNelly pointed out that the area of the contracts of sale should be looked into. Most of the time there were no lenders involved as a person would put down a small down payment and make small monthly payments to the subdivider and most of the time a deed was never given when the property was paid off. This applied mostly to those buying 5 or 10 acres out in the "booneys". The Federal Act is not going to help these people. There is a need for statewide control

Senator Dodge asked how prevalent the abuses were. Mr. McNelly stated he had a two drawer file full of letters complaining about property sold under a contract of sale. One letter dated back to 1965 and they had not received a deed as yet.

Johnnie Patton stated he had been coming to committee meetings during the past 6 or 8 years and always heard that the people should not be defrauded and nothing is done about it but each year a more complicated bill. He did not feel a burden should be put on the honest subdivider and the ones that did not run their business honestly should be convicted. He suggested a simple bill be introduced to make it a crime to defraud and leave it up to the law enforcement to convict.

Mr. Ray O'Brien, First Commercial Title Company, Reno, Nevada drew attention to Section 23 on page 4, conveying title under a trust agreement. He felt there was no Title Company that could operate under the trust laws of the state. He would like to see the trust charge changed to a holding Company.

Mr. Bob Bowers, Secretary of the Nevada Association of Realtors, stated there were FHA and VA controls within the city and after the federal laws there would be controls on all county property of 5.1 acre or more. He felt there should be controls from preventing people before they were hurt rather than wait until after they were hurt and then make an arrest.

Mr. Ernest Cuno, Reno, Nevada, stated he had listened carefully to all the comments and was saddened that the fine people represented by the industry and the legislature could not point out specific problems and answers. He felt Mr. McNelley could not give answers to satisfy. He felt the bill went further than city building codes and controls. It should control advertising as there was a lot of speculators that falsely advertised subdivisions for sale and this should be stopped. The FHA and VA were not interested in the advertising and speculators. He offered the services of his office to the Department of Commerce and to the legislature if they would like to sit down and try to work something out to satisfy all.

Chairman Monroe closed the hearing and thanked all for being present.

Meeting adjourned at 11:00 a. m.