

MINUTES

COMMITTEE: COMMERCE

DATE: Monday, February 26, 1973

MEMBERS PRESENT: Chairman Prince, Dr. Robinson, Messrs Dini, Wittenberg, Demers, Bickerstaff, Capurro, Hafen, and Torvinen;

MEMBERS ABSENT: None

GUESTS:	<u>Name</u>	<u>Representing</u>
	Donald Wilkerson	Mason-McDuffie Co.
	Don Brodeen	Weyerhauser Mortgage Co.
	Milos Terzich	Amer. Life Ins. Asso.
	Gene Milligan	Nevada Realtors
	Ray Schmidt	U of Nev intern
	Paul Argeres	Nev. Realtors
	Zel Lowman	Assemblyman
	Corky Lingenfelter	
	Dave Boyer	United Mortgage
	Wallie Warren	FNB
	Skip Hansen	Real Estate Division
	Joe Midmore	Nev. Builders Asso.
	Brendan Riley	AP
	James Moore	Tupper Mort. & Loan
	Keith Ashworth	Speaker, Nev. Assembly

The meeting was called to order at 4:00 p.m. Assemblyman Lowman briefly discussed AB 129, stating that it was a "simple bill" and would permit business trusts to operate in the State. He, in turn, introduced Mr. Dave Boyer, who explained that real estate investment trusts are now in existence; they are primarily a new type of business and there are no existing laws permitting them to do business. This bill will allow out-of-state lenders to operate bringing more money into the State; that there are presently thirteen to fourteen billion dollars in this type of lending business invested in the country. Mr. Torvinen stated that he saw no need for this bill; Dr. Robinson saw no harm in adding a vehicle to help these people do business. Mr. Midmore stated that there is presently one real estate investment trust in business in Nevada that does nothing but finance Safeway stores. He also stated that this is a major financing method in the country now in the home building field; that they deal in huge amounts of money; that this is the session to take cognizance of these people; "we have no recommendations either way".

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Regarding AB 167, Mr. Hansen asked that the Committee await someone from his office who would appear shortly to discuss amendments to the bill. Chairman Prince asked if the Committee didn't feel this was two bills in one and shouldn't be separated, the first 26 sections applying to escrow companies; the balance to mortgage companies. Mr. Demers stated that he preferred it being in two separate ; Mr. Wittenberg stated that both matters were being amended into Title 54 of NRS to create a new section; that it makes no difference and it can be left as it is.

Mr. Wilkerson of Mason-McDuffie Co., a mortgage banker in Las Vegas, stated that in 1972 40% of the deeds recorded were done so by mortgage banks. They differ from escrow companies in that they use title companies which have escrow companies to handle loan closings. He further stated that no states have laws specifically regulating mortgage companies; that they are subject to corporation laws. His company does business in four states, others in forty states. His company, as well as most mortgage companies, are FHA approved. He feels this bill is too general and needs to be more specific.

Mr. Demers stated that in his area, mortgage banks do not pay the taxes they collect in an impound account; that there is no control over this type of business in Nevada; that they should at least be licensed.

Mr. Wilkerson stated that FHA and VA strictly regulate the mortgage bankers as to collecting insurance and taxes each month in an impound account and quoted the Clark and Washoe County Treasurers as stating that they have had no trouble with mortgage bankers paying property taxes. He further stated that tax payments to the counties and insurance payments will soon be handled by computers with the mortgagee's loan number attached to the payments and identified in the county with the same number. "It is a paramount responsibility of mortgage bankers to pay county taxes and insurance".

Mr. Capurro felt that from time to time mortgage companies require their customers to purchase insurance coverage from them by coercion or direct solicitation. Mr. Wilkerson stated that absolutely no mortgage company should coerce customers for insurance business but they should have a chance to bid on the insurance. Mr. Brodeen from Weyerhauser Mortgage Company asked if there wasn't a statute prohibiting mortgage companies from this type of coercion; that HUD and FANNY MAE have very stringent rules regarding audits. Mr. Wilkerson discussed customer "print outs" which are done by computer and given to each borrower indicating their loan balance, amount of interest paid, etc., and stated that each customer should be kept apprised of

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these facts at all times; that there should be no delays in this and that it can be compiled within 36 hours.

Mr. Torvinen asked if there are presently any mortgage companies which are operating without FHA approval. Mr. Brodeen stated "Yes, there may be some collecting loan trust funds". Mr. Wilkerson stated that he just wasn't sure who was referred to in this bill; that of their 900 million out in loans, there is more of a problem with overpayment or double payment of taxes than non-payment. This situation will improve when tax and insurance payment becomes completely computerized.

Mr. Wilkerson stated that his company does not fall into the exemptions listed on page 15, section 44, because they do not use any deposits from savers and only follow laws set by statute governing corporations.

Mr. Dini stated that he feels these mortgage banks should be controlled by Nevada since they handle so much money. Mr. Brodeen felt that this bill could increase costs to the mortgagor and onto the borrower.

Dr. Robinson asked Mr. Wilkerson what percentage of business of mortgage banks were not covered by FHA. Mr. Wilkerson felt there was not very much in Nevada. "We do not have impound accounts on commercial property loans."

Mr. Hansen stated that the bill was based on California law, but that in California mortgage banks must have a real estate license. He was against this requirement because he felt there would be possible conflicts of interest. The balance of the bill was based on problems that had been encountered in California. Mr. Wilkerson stated that California law does not apply specifically to mortgage banks.

Mr. Boyer stated that the California law deals with "real estate loan brokers"; that some mortgage banks are this and some are not. Discussion followed.

Mr. James Moore, representing Tupper Mortgage and Loan, stated the purpose of this bill is to protect the consumer against "bootleggers"; that there is some need to control mortgage bankers. "I think this law with a little revision would control the situation. My company is in favor of this legislation, but it needs more teeth. We are already complying; we have a \$100,000 bond and feel everybody should comply." Dr. Robinson asked Mr. Moore who regulated him. Mr. Moore stated that his bond is in favor of errors, fraud and omissions.

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Mr. Boyer proposed the attached suggested amendments (Exhibit 1) and stated that "we do favor this legislation". Mr. Moore had no objection to mortgage banks handling their own escrows if an adequate bond is provided. Mr. Hansen discussed closure of mortgage banks stating that there are already several provisions to protect them; that the agency regulating them should be able to move fast; that certain conditions must precede closure.

Mr. Capurro discussed AB 269 citing a case in Las Vegas where the City attempted to sue National Car Rental for parking tickets their customers had incurred. The suit was dismissed. This bill would relieve motor vehicle lessors from this misdemeanor liability. Mr. Demers moved, Mr. Dini seconded a "do pass" vote on this measure. It was passed unanimously.

A brief discussion was held regarding AB 313 which prohibits the conversion of leased vehicles. Mr. Demers moved, Mr. Bickerstaff seconded a "do pass" vote on this bill. It was unanimously passed.

Regarding AB 167, the Committee agreed to await amendments to be prepared by Mr. Dini and Mr. Torvinen.

Regarding AB 149, a bill prohibiting an injured workman dispatched from California union halls to Nevada for employment and injured in Nevada from attempting to recover from the state where dispatched after having been compensated by the state where injured, and the Nevada law not specifically prohibiting this, therefore permitting it, Mr. Dini moved, Mr. Bickerstaff seconded, a "do pass" recommendation. It was unanimously approved.

Chairman Prince introduced a resolution\* (Exhibit 2) which would continue to allow areas in Eastern Nevada to obtain electric power because of a 2% interest loan available through the Rural Electrification Act which lower interest rate the President has withdrawn. He asked the Committee if they would sponsor this resolution asking the President to place this rate back into effect. Mr. Demers moved, Mr. Wittenberg seconded that the Committee sponsor this resolution. The vote was unanimous.

Mr. Demers discussed a bill<sup>A</sup> he would like the Committee to sponsor regarding establishing Genoa as a historical site enabling the community to control its own zoning. It was determined that there is already a provision in the statutes for this procedure; that it has to be done through the Legislature. Mr. Dini agreed that it would be suitable to have Genoa set up as

\* A.J.R. 33 (BDR 2005)

A A.C.R. 49 (BDR 2174)

a historical district similar to Virginia City. Mr. Demers moved, Mr. Dini seconded this proposal. It was unanimous.

Mr. Demers moved, Dr. Robinson seconded Committee introduction of Mr. Wittenberg's temporary disability bill which would return to the Committee before introduction. It was unanimously passed.

Regarding AB 230, Mr. Wittenberg announced that he had discovered there is presently a law which states that the State school fund is to receive fines recovered from actions brought against fraudulent advertisers instead of splitting them with the county and state, (if prosecuted by the county,) as is proposed in this bill. The Committee approved this change. Mr. Capurro moved approval of the amendment, Mr. Demers seconded it. The vote was unanimous with a "do pass" recommendation.

Mr. Capurro announced that the "no fault" hearing would begin Wednesday, February 28; that he expected many people on both sides to testify. He asked Speaker Ashworth if the Assembly could be adjourned in time for the hearing at 3:00 p.m. Wednesday, and 2:00 p.m. Thursday. Speaker Ashworth also suggested that ground rules be set up before the hearing establishing time limits.

The meeting was adjourned at 5:30 p.m.

Respectfully submitted,

PHYLLIS BERKSON, Attache

\*A.B. 457 (BOR 53-1245)

ASSEMBLY

AGENDA FOR COMMITTEE ON COMMERCE

Date Mon., Feb. 26 Time 4:00 p.m. Room 222

<u>Bills or Resolutions to be considered</u>	<u>Subject</u>	<u>Counsel requested*</u>
<u>AB 129</u>	<u>Clarifies status of business trusts under foreign corporation law.</u>	<u></u>
<u>AB 167</u>	<u>Regulates escrow agents and mortgage companies;</u>	<u></u>
<u>AB 202</u>	<u>Amends real estate licensing provisions;</u>	<u></u>
<u>AB 269</u>	<u>Clarifiès liability of lessors of motor vehicles for misdemeanors arising out of use of such motor vehicles</u>	<u></u>

\*Please do not ask for counsel unless necessary.

HEARINGS PENDING

Date \_\_\_\_\_ Time \_\_\_\_\_ Room \_\_\_\_\_  
Subject \_\_\_\_\_

Date \_\_\_\_\_ Time \_\_\_\_\_ Room \_\_\_\_\_  
Subject \_\_\_\_\_

TO: COMMERCE COMMITTEE

FROM: Mr. Dave Boyer, United Mortgage, 206 S. 4th., Las Vegas;

DATE: Tuesday, February 27, 1973

RE: Proposed amendments to AB 167 (escrow agents and mortgage companies)

- 1) page 9, section 27, line 9, change "and" to "or";
- 2) page 9, section 30, line 43: This bond would cover mortgage companies for their own escrow activities and not public activities. Suggests \$75,000 for mortgage companies who handle their own escrows; \$50,000 for mortgage companies;
- 3) page 11, lines 21 and 22, add: "except as to loan brokerage fees";
- 4) page 15, section 43, sub-paragraph 1: amend to read: "and those corporations, associations or business trusts that have complied with NRS 80.240;
- 5) Re Section 37: Mr. Hansen spoke of Section 36 whereby he can restrain mortgage banks that have not started; Mr. Boyer talking about those that are operating. Instead of immediate closure, refer to NRS 233(b), the Administrative Procedures, re closure procedure of business. If Mr. Hansen approves them for business he can require a bond for their employees large enough to protect them.

RESOLUTION  
Rural Electrification Act--2% Loans

A JOINT RESOLUTION OF THE LEGISLATURE TO PRESIDENT RICHARD M. NIXON, REQUESTING HIS RECISSION OF THE EXECUTIVE ORDER TERMINATING THE 2% LAWS UNDER THE RURAL ELECTRIFICATION ACT.

Be it resolved by the Legislature of the State of Nevada:

WHEREAS, there are presently ten electric utilities within the State of Nevada, supplying a large number of rural consumers with electricity which they otherwise would be forced to live without;

WHEREAS, these utilities maintain their ability to supply electricity to these rural consumers at reasonable rates due to the 2% interest loans available through the Rural Electrification Act;

WHEREAS, President Richard M. Nixon, by Executive Order and without prior notice, terminated all 2% interest loans as of January 1, 1973; and

WHEREAS, this action will force these rural electric utilities in Nevada to substantially raise the cost to the rural consumers who can least bear additional rises in their cost of living.

NOW, THEREFORE, BE IT RESOLVED, that the legislature of the State of Nevada respectfully requests President Richard M. Nixon to rescind this Executive Order and reinstate these 2% loans to rural electrical companies;

BE IT FURTHER RESOLVED, that a copy of this resolution be forwarded to President Richard M. Nixon as an expression of the feelings of, and the effect upon, the people of Nevada in relation to the termination of these laws.