

SENATE BILL NO. 78—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE DEPARTMENT OF BUSINESS  
AND INDUSTRY, HOUSING DIVISION)

FEBRUARY 11, 2003

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Referred to Committee on Government Affairs

SUMMARY—Makes various changes relating to assistance to  
finance housing. (BDR 25-467)

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

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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 affordable housing; providing that the Housing  
Division of the Department of Business and Industry may  
develop or acquire one or more information systems;  
revising the provisions governing the issuance of letters of  
credit by the Division; increasing the permissible  
aggregate principal amount of the outstanding obligations  
of the Division; extending the prospective expiration of  
certain provisions regarding assistance to finance housing;  
and providing other matters properly relating thereto.

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

- 1     **Section 1.** NRS 319.140 is hereby amended to read as follows:  
2     319.140 1. The Division shall administer the provisions of  
3 this chapter. The Administrator may adopt, amend or rescind  
4 regulations, consistent with the provisions of this chapter,  
5 appropriate to carry out its purposes.  
6     2. The Administrator may make copies of all proceedings and  
7 other records and documents of the Division and issue certificates  
8 under the seal of the Division to the effect that the copies are true  
9 copies, and all persons dealing with the Division may rely upon  
10 such certificates.



\* S B 7 8 R 2 \*

- 1 3. The Division has perpetual succession, subject to  
2 termination in accordance with statute, and may:
- 3 (a) Sue and be sued in its own name, subject to chapter 41 of  
4 NRS;
- 5 (b) Adopt an official seal and alter the same at the pleasure of  
6 the Division;
- 7 (c) Maintain such offices at any place or places within the State  
8 as it determines necessary to carry out the provisions of this chapter;
- 9 ~~(d) [Adopt, amend and repeal regulations as provided in chapter  
10 233B of NRS, consistent with the provisions of this chapter and  
11 appropriate to carry out its purposes;~~
- 12 ~~(e)~~ Maintain records, proceedings and documents of the  
13 Division, subject to chapters 239, 239A and 239B of NRS;
- 14 *(e) Develop or purchase, lease or otherwise acquire one or  
15 more information systems that the Division determines are  
16 necessary or convenient for the exercise of its powers and duties  
17 pursuant to this chapter and acquire any consulting, support or  
18 other service for such information systems;*
- 19 (f) Make and execute contracts and all other instruments  
20 necessary or convenient for the exercise of its powers and functions  
21 pursuant to this chapter with any governmental agency, private  
22 corporation or other entity, or natural person;
- 23 (g) Enter into agreements or other transactions with, and accept  
24 grants from and cooperate with, any governmental agency or other  
25 source in furtherance of the purposes of this chapter;
- 26 (h) Acquire real or personal property or any interest therein, by  
27 gift, purchase, foreclosure, deed in lieu of foreclosure, lease, option  
28 or otherwise;
- 29 (i) Hold, sell, assign, lease, encumber, mortgage, release or  
30 otherwise dispose of any real or personal property or any interest  
31 therein, by public or private sale, with or without public bidding,  
32 notwithstanding any other provision of law;
- 33 (j) Employ or contract for the services of attorneys, accountants,  
34 financial experts and any other advisers, employees, consultants and  
35 agents as the Administrator may determine to be necessary;
- 36 (k) Create or cause to be created legal entities, including  
37 nonprofit corporations, grantor trusts and other legal entities, which  
38 the Division determines are necessary or convenient for the exercise  
39 of its powers and duties pursuant to this chapter, provided, however,  
40 that the issuance of bonds, notes or other evidence of indebtedness  
41 by any legal entity controlled by the Division is subject to the  
42 approval of the State Board of Finance;
- 43 (l) Provide advice, technical information, training and  
44 educational services related to the development of housing, building  
45 technologies and related fields;



1 (m) Conduct research, make grants, and promote the  
2 development of housing, building technologies and related fields;  
3 and

4 (n) Do any and all things necessary or appropriate to carry out  
5 its purposes and exercise the powers expressly granted pursuant to  
6 this chapter.

7 4. Before September 1 of each even-numbered year, the  
8 Division shall submit a report of its activities for the biennium  
9 ending June 30 of that year to the Governor, State Treasurer and the  
10 Legislature. Each such report ~~[shall]~~ *must* set forth a complete  
11 operating and financial statement of the Division during such  
12 biennium. The Division shall cause an audit of its books and  
13 accounts to be made at least once in each fiscal year by a certified  
14 public accountant. The certified public accountant may audit the  
15 Division's books and accounts for consecutive audit periods as  
16 requested by the Division.

17 5. The Division is exempt from the provisions of chapter 333  
18 of NRS.

19 **Sec. 2.** NRS 319.140 is hereby amended to read as follows:

20 319.140 1. The Division shall administer the provisions of  
21 this chapter. The Administrator may adopt, amend or rescind  
22 regulations, consistent with the provisions of this chapter,  
23 appropriate to carry out its purposes.

24 2. The Administrator may make copies of all proceedings and  
25 other records and documents of the Division and issue certificates  
26 under the seal of the Division to the effect that the copies are true  
27 copies, and all persons dealing with the Division may rely upon  
28 such certificates.

29 3. The Division may ~~[employ]~~ :

30 (a) *Employ* or contract for the services of attorneys, accountants,  
31 financial experts and any other advisers, employees, consultants and  
32 agents as the Administrator may determine to be necessary ~~[ ]~~ ; and

33 (b) *Develop or purchase, lease or otherwise acquire one or*  
34 *more information systems that the Division determines are*  
35 *necessary or convenient for the exercise of its powers and duties*  
36 *pursuant to this chapter and acquire any consulting, support or*  
37 *other service for such information systems.*

38 4. Before September 1 of each even-numbered year, the  
39 Division shall submit a report of its activities for the biennium  
40 ending June 30 of that year to the Governor, State Treasurer and the  
41 Legislature. Each such report ~~[shall]~~ *must* set forth a complete  
42 operating and financial statement of the Division during such  
43 biennium. The Division shall cause an audit of its books and  
44 accounts to be made at least once in each fiscal year by a certified  
45 public accountant. The certified public accountant may audit the



1 Division's books and accounts for consecutive audit periods as  
2 requested by the Division.

3 **Sec. 3.** NRS 319.190 is hereby amended to read as follows:

4 319.190 **1.** The Division may make, undertake commitments  
5 to make and participate with lending institutions in the making of  
6 mortgage loans ~~{ }~~ **and may** make temporary loans and advances in  
7 anticipation of mortgage loans ~~{, and issue letters of credit}~~ to  
8 finance the acquisition, construction, development, renewal,  
9 redevelopment, rehabilitation or refinancing of residential housing,  
10 including , **without limitation**, multifamily housing, within this  
11 state.

12 **2.** *The Division may issue letters of credit to finance the*  
13 *acquisition, construction, development, renewal, redevelopment,*  
14 *rehabilitation or refinancing of residential housing, including,*  
15 *without limitation, multifamily housing, within this state if, at the*  
16 *time a letter of credit is issued, the Division has a credit rating*  
17 *within one of the three highest rating categories of a nationally*  
18 *recognized rating agency.*

19 **Sec. 4.** NRS 319.190 is hereby amended to read as follows:

20 319.190 **1.** The Division may make, undertake commitments  
21 to make and participate with lending institutions in the making of  
22 mortgage loans ~~{ }~~ **and may** make temporary loans and advances in  
23 anticipation of mortgage loans ~~{, and issue letters of credit pursuant~~  
24 ~~to subsection 2}~~ to finance the acquisition, construction or  
25 rehabilitation of residential housing, including , **without limitation**,  
26 multifamily housing. Any loan made by the Division pursuant to  
27 this section must be insured or guaranteed unless it is financed by an  
28 issue of obligations of the Division that are insured or secured by  
29 surety bonds, letters of credit not issued by the Division, guaranties  
30 or other means of assuring repayment of those obligations. Such  
31 loans may be made ~~{or letters of credit issued}~~ only after a  
32 determination by the Administrator that mortgage loans ~~{or letters of~~  
33 ~~credit}~~ are not otherwise available from private lenders upon  
34 reasonable equivalent terms and conditions.

35 **2.** The Division may issue a letter of credit *to finance the*  
36 *acquisition, construction or rehabilitation of residential housing,*  
37 *including, without limitation, multifamily housing,* only if  
38 ~~{sufficient}~~ :

39 *(a) At the time a letter of credit is issued, the Division has a*  
40 *credit rating within one of the three highest rating categories of a*  
41 *nationally recognized rating agency;*

42 *(b) Sufficient* reserves in the funds established by the Division  
43 are deposited in a separate account to be used to pay any liabilities  
44 that may be incurred by issuing the letter of credit ~~{ }~~ ;



1 (c) The aggregate amount of outstanding letters of credit issued  
2 by the Division ~~must~~ *and the proposed letter of credit does* not  
3 exceed \$5,000,000 ~~;~~ *;* and

4 (d) *The Administrator has determined that a letter of credit is*  
5 *not otherwise available from a private lender upon reasonable*  
6 *equivalent terms and conditions.*

7 **Sec. 5.** NRS 319.270 is hereby amended to read as follows:

8 319.270 1. Subject to the limitation imposed by subsections 4  
9 and 5, the Division may issue its negotiable notes and bonds in such  
10 principal amount as the Administrator determines to be necessary to  
11 provide sufficient money for achieving any of its statutory purposes,  
12 including the payment of interest on notes and bonds of the  
13 Division, establishment of bond reserve funds and other reserves to  
14 secure the notes and bonds, and all other expenditures of the  
15 Division necessary or convenient to carry out its statutory purposes  
16 and powers.

17 2. Subject to any agreements with holders of notes or bonds, all  
18 notes and bonds issued by the Division are special obligations of the  
19 Division payable out of any revenues, money or other assets of the  
20 Division pledged thereto.

21 3. In issuing the notes and bonds, the Division acts as an  
22 agency or instrumentality of the State of Nevada.

23 4. Before any notes or bonds may be issued pursuant to this  
24 section, except those issued for the purpose of refunding outstanding  
25 notes or bonds, the Administrator must submit a copy of his finding  
26 of the conditions prerequisite to the financing of residential housing  
27 under this chapter to the State Board of Finance. If that Board  
28 approves, the Division may proceed to issue its notes or bonds in the  
29 amount approved, subject to the further limitation of subsection 5.

30 5. The aggregate principal amount of outstanding bonds, notes  
31 and other obligations of the Division must not exceed  
32 ~~[\$2,000,000,000,]~~ *\$5,000,000,000*, of which \$100,000,000 must be  
33 allocated to veterans who qualify for loans under this chapter,  
34 exclusive of any bonds, notes or obligations which have been  
35 refunded ~~;~~ *or which were issued at a time when the Division had*  
36 *a credit rating within one of three highest rating categories of a*  
37 *nationally recognized rating agency.* The establishment of this debt  
38 limitation does not prohibit the Division from issuing additional  
39 bonds, notes or other obligations if the debt limitation is  
40 subsequently increased.

41 **Sec. 6.** NRS 242.131 is hereby amended to read as follows:

42 242.131 1. The Department shall provide state agencies and  
43 elected state officers with all their required design of information  
44 systems. All agencies and officers must use those services and  
45 equipment, except as otherwise provided in subsection 2.



1 2. The following agencies may negotiate with the Department  
2 for its services or the use of its equipment, subject to the provisions  
3 of this chapter, and the Department shall provide those services and  
4 the use of that equipment as may be mutually agreed:

- 5 (a) The Court Administrator;
- 6 (b) The Department of Motor Vehicles;
- 7 (c) The Department of Public Safety;
- 8 (d) The Department of Transportation;
- 9 (e) The Employment Security Division of the Department of  
10 Employment, Training and Rehabilitation;
- 11 (f) The Division of Wildlife of the State Department of  
12 Conservation and Natural Resources;
- 13 (g) *The Housing Division of the Department of Business and*  
14 *Industry;*
- 15 (h) The Legislative Counsel Bureau;
- 16 ~~(h)~~ (i) The State Controller;
- 17 ~~(i)~~ (j) The State Gaming Control Board and Nevada Gaming  
18 Commission; and
- 19 ~~(j)~~ (k) The University and Community College System of  
20 Nevada.

21 3. Any state agency or elected state officer who uses the  
22 services of the Department and desires to withdraw substantially  
23 from that use must apply to the Director for approval. The  
24 application must set forth justification for the withdrawal. If the  
25 Director denies the application, the agency or officer must:

- 26 (a) If the Legislature is in regular or special session, obtain the  
27 approval of the Legislature by concurrent resolution.
- 28 (b) If the Legislature is not in regular or special session, obtain  
29 the approval of the Interim Finance Committee. The Director shall,  
30 within 45 days after receipt of the application, forward the  
31 application together with his recommendation for approval or denial  
32 to the Interim Finance Committee. The Interim Finance Committee  
33 has 45 days after the application and recommendation are submitted  
34 to its Secretary within which to consider the application. Any  
35 application which is not considered by the Committee within the  
36 45-day period shall be deemed approved.

37 4. If the demand for services or use of equipment exceeds the  
38 capability of the Department to provide them, the Department may  
39 contract with other agencies or independent contractors to furnish  
40 the required services or use of equipment and is responsible for the  
41 administration of the contracts.

42 **Sec. 7.** Section 8 of chapter 418, Statutes of Nevada 2001, at  
43 page 2123, is hereby amended to read as follows:

44 Sec. 8. This act becomes effective on July 1, 2001, and  
45 expires by limitation on July 1, ~~2003~~ 2009.



- 1     **Sec. 8.** 1. This section and sections 1, 3, 5, 6 and 7 of this act  
2 become effective on July 1, 2003.  
3     2. Sections 1 and 3 of this act expire by limitation on June 30,  
4 2009.  
5     3. Sections 2 and 4 of this act become effective on July 1,  
6 2009.

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