

SENATE BILL NO. 552—COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 26, 2001

Referred to Committee on Government Affairs

SUMMARY—Makes various changes relating to assistance to finance housing.  
(BDR 25-1448)

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.

AN ACT relating to affordable housing; expanding the powers of the housing division of the department of business and industry; exempting the officers and employees of the housing division from the state personnel system; requiring the housing division to make certain information relating to obligors open for public inspection; exempting the housing division from the state purchasing act; exempting the housing division from certain provisions relating to the department of information technology; changing prerequisites for the housing division to provide financing for residential housing; changing requirements for use of money in the account for low-income housing; exempting transfers by a local government from the provisions of the Uniform Commercial Code—Secured Transactions; repealing certain powers of the housing division; removing certain requirements for loans made by the housing division; repealing certain provisions relating to bond reserve funds; removing certain requirements for bonds issued by the housing division; 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.** Chapter 319 of NRS is hereby amended by adding thereto
- 2 the provisions set forth as sections 2 to 7, inclusive, of this act.
- 3 **Sec. 2.** *“Bond” means any bond, note, certificate, letter of credit,*
- 4 *commercial paper or other evidence of indebtedness.*
- 5 **Sec. 3.** *1. The administrator may appoint such officers and*
- 6 *employees as the division may require for the performance of its duties.*
- 7 *For each officer and employee appointed, the administrator shall*
- 8 *prescribe the terms and conditions of employment, including, without*
- 9 *limitation, the salary and duties of each position, leaves of absence,*
- 10 *annual leave and sick and disability leave, within the limits of legislative*
- 11 *appropriations or authorizations.*
- 12 *2. Officers and employees of the division are exempt from the*
- 13 *provisions of chapter 284 of NRS.*



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- 1     *Sec. 4. 1. Except as otherwise provided in subsection 2, upon*  
2     *request, the division shall make available for public inspection*  
3     *information provided to the division by an obligor to receive a loan from*  
4     *the division.*  
5     *2. Except as ordered by a court of competent jurisdiction or as*  
6     *required by federal law, the division shall not, without the prior consent*  
7     *of the obligor, disclose proprietary information or financial statements or*  
8     *records of the obligor that are not otherwise available to the public*  
9     *unless the obligor has:*  
10    *(a) Requested in writing that the information, statements or records be*  
11    *made public; or*  
12    *(b) Furnished the information, statements or records for a purpose*  
13    *other than obtaining a loan from the division.*  
14    *3. As used in this section:*  
15    *(a) "Obligor" means a person who receives a loan from the division*  
16    *pursuant to this chapter.*  
17    *(b) "Proprietary information" means any trade secret or other*  
18    *information which, if disclosed to members of the general public, may*  
19    *result in a competitive disadvantage to the obligor, including, without*  
20    *limitation:*  
21    *(1) Documents concerning the marketing or strategic planning of*  
22    *the obligor;*  
23    *(2) Data, studies and reports concerning the development of new*  
24    *products or services; and*  
25    *(3) Data that identify the share of the market of the obligor.*  
26    *(c) "Trade secret" has the meaning ascribed to it in NRS 600A.030.*  
27    *Sec. 5. 1. Upon the approval of the state board of finance, the*  
28    *division may enter into instruments, agreements and other such*  
29    *transactions for one or more of the following purposes:*  
30    *(a) Reducing or modifying the amount or duration of any payment,*  
31    *interest rate, spread or similar risk;*  
32    *(b) Lowering the cost of borrowing when used in combination with*  
33    *the issuance or carrying of bonds or investments; or*  
34    *(c) Enhancing the relationship between risk and return with respect to*  
35    *the programs of the division for lending or investment or any portion*  
36    *thereof.*  
37    *2. In entering into such instruments, agreements or other such*  
38    *transactions, the division shall consider the creditworthiness of the*  
39    *counterparties and other relevant criteria relating to the objectives of the*  
40    *programs of the division.*  
41    *Sec. 6. An action questioning the legality of any contract, loan,*  
42    *agreement, indenture, mortgage, instrument or bond executed, adopted*  
43    *or taken in connection with any bonds issued by the division may not be*  
44    *initiated more than 30 days after:*  
45    *1. The submission to the state board of finance of the findings of the*  
46    *administrator pursuant to NRS 319.270; or*  
47    *2. In the case of refunding bonds, the submission by the*  
48    *administrator to the state board of finance of a statement equivalent to*  
49    *the finding submitted pursuant to NRS 319.270.*



1     **Sec. 7.** *No recourse may be had for the payment of any bonds of the*  
2 *division or for any claim based thereon or otherwise upon any action*  
3 *authorizing their issuance or other instrument appertaining thereto,*  
4 *against any member of the state board of finance, the administrator, the*  
5 *chief financial officer of the division or other officer, agent or employee*  
6 *of the division, past, present or future, either directly or indirectly*  
7 *through the division, or otherwise, whether by virtue of any statute or*  
8 *rule of law, or by the enforcement of any penalty or otherwise, all such*  
9 *liability, if any, being by the acceptance of the bonds and as a part of the*  
10 *consideration of their issuance specially waived and released.*

11     **Sec. 8.** NRS 319.020 is hereby amended to read as follows:

12     319.020 The legislature finds and declares that:

13     1. There exists a serious shortage of decent, safe and sanitary housing  
14 in this state available to persons and families of low and moderate income  
15 and that many other persons and families are unable to secure or afford,  
16 without assistance, decent, safe and sanitary housing.

17     2. ~~{This condition is conducive to disease, crime, environmental~~  
18 ~~decline and poverty, impairs the economic value of large areas, which are~~  
19 ~~characterized by depreciated value, impaired investments, reduced capacity~~  
20 ~~to pay taxes, and lack of new}~~ *The lack of new housing* development to  
21 meet the needs of ~~{area residents, and}~~ *the residents of this state* is a  
22 menace to the health, safety, morals and welfare of the residents of this  
23 state.

24     3. ~~{This condition results in a loss of population and further~~  
25 ~~deterioration accompanied by added costs to communities for creation of~~  
26 ~~new public facilities and services elsewhere.~~

27     ~~4. It is difficult and uneconomic for individual owners independently~~  
28 ~~to remedy this condition.~~

29     ~~5.}~~ One major cause of ~~{this condition}~~ *the lack of affordable housing*  
30 *in this state* has been recurrent shortages of money *at affordable rates*  
31 from private sources, and such shortages have contributed to reductions in  
32 construction of new residential housing and ~~{have made the sale and~~  
33 ~~purchase of existing residential housing a virtual impossibility in certain~~  
34 ~~parts of the state. Other causes of this condition include increases in rental~~  
35 ~~values and decreases in the availability of federal funding for housing.~~

36     ~~6.}~~ *to a chronic undersupply of existing housing that is affordable to*  
37 *persons and families of low and moderate income.*

38     4. The ordinary operations of private enterprise have not in the past  
39 corrected these conditions.

40     ~~{7.}~~ 5. The reduction in housing construction has caused substantial  
41 unemployment and underemployment in the construction industry which ~~{,~~  
42 ~~together with the shortage of affordable housing, results in hardships,~~  
43 ~~wastes human resources, increases the public assistance burdens of the~~  
44 ~~state, impairs the security of family life,}~~ impedes the economic and  
45 physical development of the state and adversely affects the welfare, health  
46 and prosperity of all the people of this state.

47     ~~{8.}~~ 6. A stable supply of adequate money for the financing and  
48 provision of other assistance to obtain housing is required to encourage  
49 new housing in an orderly and sustained manner, to increase the



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1 availability of affordable housing, and thereby to reduce these detrimental  
2 results.

3 *7. Encouraging the construction, rehabilitation and improvement of*  
4 *housing in central urban areas, including those areas undergoing*  
5 *renewal, redevelopment and rehabilitation, would encourage persons of*  
6 *all social and economic positions to inhabit urban areas, thereby*  
7 *rendering these areas more economically self-sufficient, socially*  
8 *balanced, and resistant to stagnation and deterioration.*

9 *8. Providing housing for teachers, public safety employees and other*  
10 *public employees, including, without limitation, housing in areas in*  
11 *which governments are a major employer, is essential to the efficient*  
12 *provision of public services.*

13 9. It is necessary to create a housing division in the department of  
14 business and industry to encourage the investment of private capital and  
15 stimulate the financing of housing through the use of public financing to  
16 provide mortgage loans and to make loans to and purchase mortgage loans  
17 from mortgage lenders, and to perform any other function authorized by  
18 this chapter.

19 10. It is appropriate for the housing division to issue obligations  
20 regardless of their characterization for the purposes of federal income  
21 taxation by the United States Department of the Treasury.

22 11. All of the purposes set forth in this chapter are public purposes and  
23 uses for which ~~public~~ money may be borrowed, expended, advanced,  
24 loaned ~~for granted~~ *granted or guaranteed.*

25 This chapter must be liberally construed to accomplish the public purposes  
26 and *to* alleviate the detrimental conditions set forth in this section. *The*  
27 *provisions of this chapter are in addition to powers conferred by other*  
28 *laws and must not be construed to restrict or limit the authority of the*  
29 *division or the authority of any other public entity that is otherwise*  
30 *granted by law to the division or other public entity.*

31 **Sec. 9.** NRS 319.030 is hereby amended to read as follows:

32 319.030 As used in this chapter, *unless the context otherwise*  
33 *requires,* the words and terms defined in NRS 319.040 to 319.135,  
34 inclusive, *and section 2 of this act,* have the meanings ascribed to them in  
35 those sections.

36 **Sec. 10.** NRS 319.060 is hereby amended to read as follows:

37 319.060 "Eligible family" means a person or family, selected without  
38 regard to race, creed, national origin or sex, determined by the division to  
39 require such assistance as is made available by this chapter on account of  
40 insufficient personal or family income *or on account of other special*  
41 *needs* after taking into consideration, without limitation, such factors as:

42 1. The amount of the total income of that person or family available  
43 for housing needs;

44 2. The size of the family;

45 3. The cost and condition of housing facilities available;

46 4. The ability of the person or family to compete successfully in the  
47 normal private housing market and to pay the amounts at which private  
48 enterprise is providing decent, safe and sanitary housing;



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1 5. If appropriate, standards established for various federal programs  
2 determining eligibility based on income of those persons and families;  
3 ~~and~~

4 6. Service in the Armed Forces of the United States with a minimum  
5 of 90 days on active duty ~~at some time between:~~  
6 ~~— (a) April 21, 1898, and June 15, 1903;~~  
7 ~~— (b) April 6, 1917, and November 11, 1918;~~  
8 ~~— (c) December 7, 1941, and December 31, 1946;~~  
9 ~~— (d) June 25, 1950, and January 31, 1955; or~~  
10 ~~— (e) January 1, 1961, and May 7, 1975,~~  
11 ~~and at least 2 years' continuous residence in Nevada immediately~~  
12 ~~preceding any application for assistance under this chapter.;~~

13 7. *Service as a public employee in this state, including, without*  
14 *limitation, service as a teacher and service as an employee whose duties*  
15 *are related to public safety; and*

16 8. *Any other conditions relating to the person or family that the*  
17 *division determines results in a lack of sufficient housing or creates*  
18 *special housing needs.*

19 **Sec. 11.** NRS 319.090 is hereby amended to read as follows:

20 319.090 "Lending institution" means any bank or trust company,  
21 Federal National Mortgage Association approved mortgage banker,  
22 national banking association, savings and loan association or other  
23 financial institution or governmental agency of the United States which  
24 ~~customarily~~ provides service or otherwise aids in the financing of  
25 mortgages located in this state.

26 **Sec. 12.** NRS 319.130 is hereby amended to read as follows:

27 319.130 "Residential housing" means one or more new or existing  
28 residential dwelling units financed pursuant to the provisions of this  
29 chapter for *one or both of the following* primary ~~purpose of providing~~  
30 *purposes:*

31 1. *Providing* decent, safe and sanitary dwelling accommodations for  
32 eligible families in need of housing ~~including~~ ; or

33 2. *Encouraging the construction and upgrading of housing in urban*  
34 *areas, including those areas undergoing renewal, redevelopment and*  
35 *rehabilitation.*

36 *The term includes, without limitation,* any buildings, manufactured  
37 homes, mobile homes, mobile home parks, land, improvements,  
38 equipment, facilities, other real or personal property, or other related  
39 nonhousing facilities which are necessary, convenient or desirable in  
40 connection therewith, ~~and including but not limited to~~ *including, without*  
41 *limitation,* streets, sewers, utilities, parks, site preparation, landscaping and  
42 other nonhousing facilities such as administrative, community,  
43 transportation, health, recreational, educational, commercial, retail, welfare  
44 and public facilities which the division determines improve the quality of  
45 the residential living ~~for eligible families.~~ *being provided.*

46 **Sec. 13.** NRS 319.140 is hereby amended to read as follows:

47 319.140 1. The division shall administer the provisions of this  
48 chapter. The administrator may adopt, amend or rescind regulations,



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1 consistent with the provisions of this chapter, appropriate to carry out its  
2 purposes.

3 2. The administrator may make copies of all proceedings and other  
4 records and documents of the division and issue certificates under the seal  
5 of the division to the effect that the copies are true copies, and all persons  
6 dealing with the division may rely upon such certificates.

7 3. The division *has perpetual succession, subject to termination in*  
8 *accordance with statute, and may ~~employ~~:*

9 (a) *Sue and be sued in its own name, subject to chapter 41 of NRS;*

10 (b) *Adopt an official seal and alter the same at the pleasure of the*  
11 *division;*

12 (c) *Maintain such offices at any place or places within the state as it*  
13 *determines necessary to carry out the provisions of this chapter;*

14 (d) *Adopt, amend and repeal regulations as provided in chapter 233B*  
15 *of NRS, consistent with the provisions of this chapter and appropriate to*  
16 *carry out its purposes;*

17 (e) *Maintain records, proceedings and documents of the division,*  
18 *subject to chapters 239, 239A and 239B of NRS and section 4 of this act;*

19 (f) *Make and execute contracts and all other instruments necessary or*  
20 *convenient for the exercise of its powers and functions pursuant to this*  
21 *chapter with any governmental agency, private corporation or other*  
22 *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 gift,*  
27 *purchase, foreclosure, deed in lieu of foreclosure, lease, option or*  
28 *otherwise;*

29 (i) *Hold, sell, assign, lease, encumber, mortgage, release or otherwise*  
30 *dispose of any real or personal property or any interest therein, by public*  
31 *or private sale, with or without public bidding, notwithstanding any other*  
32 *provision of law;*

33 (j) *Employ or contract for the services of attorneys, accountants,*  
34 *financial experts and any other advisers, employees, consultants and agents*  
35 *as the administrator may determine to be necessary* ~~H~~ *;*

36 (k) *Create or cause to be created legal entities, including nonprofit*  
37 *corporations, grantor trusts and other legal entities, which the division*  
38 *determines are necessary or convenient for the exercise of its powers and*  
39 *duties pursuant to this chapter, provided, however, that the issuance of*  
40 *bonds by any legal entity controlled by the division is subject to the*  
41 *approval of the state board of finance;*

42 (l) *Provide advice, technical information, training and educational*  
43 *services related to the development of housing, building technologies and*  
44 *related fields;*

45 (m) *Conduct research, make grants, and promote the development of*  
46 *housing, building technologies and related fields; and*

47 (n) *Do any and all things necessary or appropriate to carry out its*  
48 *purposes and exercise the powers expressly granted pursuant to this*  
49 *chapter.*



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1 4. Before September 1 of each even-numbered year, the division shall  
2 submit a report of its activities for the biennium ending June 30 of that year  
3 to the governor, state treasurer and the legislature. Each such report shall  
4 set forth a complete operating and financial statement of the division  
5 during such biennium. The division shall cause an audit of its books and  
6 accounts to be made at least once in each fiscal year by a certified public  
7 accountant. The certified public accountant may audit the division's books  
8 and accounts for consecutive audit periods as requested by the division.

9 *5. The division is exempt from the provisions of chapter 333 of NRS.*

10 **Sec. 14.** NRS 319.170 is hereby amended to read as follows:

11 319.170 *1.* Except as otherwise provided in NRS 319.500, the  
12 division may:

13 ~~1.1~~ (a) Establish such funds or accounts as may be necessary or  
14 desirable for furtherance of the purposes of this chapter.

15 ~~1.2~~ (b) Invest or deposit its money, subject to any agreement with  
16 bondholders, ~~for noteholders,~~ and is not required to keep any of its money  
17 in the state treasury. The provisions of chapters 355 and 356 of NRS do not  
18 apply to such investments or deposits.

19 *2. The division is hereby authorized to expend the money in the*  
20 *funds or accounts established pursuant to subsection 1, subject to any*  
21 *agreement with the holders of bonds:*

22 *(a) To the extent necessary for the payment of principal, interest,*  
23 *redemption premiums and other carrying costs of the bonds of the*  
24 *division; and*

25 *(b) To the extent approved by the state board of finance for the*  
26 *payment of the costs of the issuance of bonds.*

27 **Sec. 15.** NRS 319.173 is hereby amended to read as follows:

28 319.173 *1.* There is hereby created an advisory committee on  
29 housing to review and provide to the director of the department of business  
30 and industry and the administrator advice, recommendations and other  
31 commentary regarding:

32 (a) The investment of money or issuance of obligations by the division.

33 (b) The development of new programs or the improvement of existing  
34 programs of the division.

35 (c) The improvement of policies and procedures of the division,  
36 including those relating to the dissemination of relevant information to  
37 persons who participate in or are otherwise interested in programs of the  
38 division.

39 (d) The administration of the account for low-income housing.

40 (e) Any other matters referred to the advisory committee by the director  
41 or administrator.

42 *2.* The advisory committee consists of the director of the department of  
43 business and industry or his representative, and eight members appointed  
44 by the director. The director shall appoint to the advisory committee:

45 (a) One representative of an association of mortgage bankers in this  
46 state, selected from a list of names submitted to the director by that  
47 association.

48 (b) One representative of persons engaged in residential construction in  
49 this state.





1 (c) One representative of banks or savings and loan associations in this  
2 state who is knowledgeable about making mortgage loans.  
3 (d) One member who is knowledgeable about the sale and marketing or  
4 the management of real property in this state.  
5 (e) One member who is knowledgeable about the development or  
6 management of nonprofit housing in this state.  
7 (f) One member who is knowledgeable about housing programs  
8 sponsored, administered or supported by local governments in this state.  
9 (g) One member who is knowledgeable about federal housing programs  
10 administered by the division.  
11 (h) One member who is an advocate of affordable housing.  
12 The members of the advisory committee are not entitled to any additional  
13 compensation for their service in that capacity.  
14 3. The director of the department of business and industry or his  
15 representative shall serve as the chairman of the advisory committee. The  
16 advisory committee shall meet at least once each calendar quarter, and at  
17 the call of the chairman or upon the written request of the administrator or  
18 a majority of the members of the committee.  
19 4. The administrator shall submit annually to the advisory committee  
20 for its review, comment and recommendations a work plan for the  
21 activities of the division for the succeeding calendar year. The work plan  
22 must include:  
23 (a) The expected needs for financing and anticipated demand for tax  
24 credits and sources of funding for each of the programs administered by the  
25 division.  
26 (b) Strategies for meeting those needs and demands.  
27 (c) A plan for resolving any anticipated problems in carrying out those  
28 strategies.  
29 (d) A plan for the allocation of the resources of the division, including  
30 the allotment of its employees' time, to carry out the work plan in such a  
31 manner as to serve the entire area of the state adequately.  
32 (e) Any other matters which are critical to the success of any programs  
33 administered by the division.  
34 5. ~~Before the:~~  
35 ~~—(a) Investment of money of the division pursuant to NRS 319.171; or~~  
36 ~~—(b) Submission of findings to the state board of finance pursuant to~~  
37 ~~subsection 4 of NRS 319.323;~~  
38 ~~the administrator shall submit a plan of investment or a plan of financing,~~  
39 ~~together with any proposed findings relating to that plan, to the advisory~~  
40 ~~committee for its review and comment.~~  
41 ~~—6.1~~ The administrator shall report to the advisory committee at least  
42 once each calendar quarter on the activities of the division and the  
43 implementation of the division's work plan for that year.  
44 **Sec. 16.** NRS 319.190 is hereby amended to read as follows:  
45 319.190 ~~H.1~~ The division may make, undertake commitments to  
46 make and participate with lending institutions in the making of mortgage  
47 loans, make temporary loans and advances in anticipation of mortgage  
48 loans, and issue letters of credit ~~pursuant to subsection 2~~ to finance the  
49 acquisition, construction ~~for~~ , *development, renewal, redevelopment,*





1 rehabilitation *or refinancing* of residential housing, including multifamily  
2 housing ~~[- Any loan made by the division pursuant to this section must be~~  
3 ~~insured or guaranteed unless it is financed by an issue of obligations of the~~  
4 ~~division that are insured or secured by surety bonds, letters of credit not~~  
5 ~~issued by the division, guaranties or other means of assuring repayment of~~  
6 ~~those obligations. Such loans may be made or letters of credit issued only~~  
7 ~~after a determination by the administrator that mortgage loans or letters of~~  
8 ~~credit are not otherwise available from private lenders upon reasonable~~  
9 ~~equivalent terms and conditions.~~  
10 ~~—2. The division may issue a letter of credit only if sufficient reserves in~~  
11 ~~the funds established by the division are deposited in a separate account to~~  
12 ~~be used to pay any liabilities that may be incurred by issuing the letter of~~  
13 ~~credit. The aggregate amount of outstanding letters of credit issued by the~~  
14 ~~division must not exceed \$5,000,000.], *within this state.*~~  
15 **Sec. 17.** NRS 319.200 is hereby amended to read as follows:  
16 319.200 Any ~~insured~~ mortgage loan made by the division ~~shall:~~  
17 ~~—1. Not exceed the amount permitted under the insurance program~~  
18 ~~under which the mortgage is insured.~~  
19 ~~—2. Be~~ *must be* secured in such manner, be repaid in such period and  
20 bear interest at ~~the~~ *such* rate *or rates as are* determined by the division .  
21 ~~{and permitted under the insurance program under which the mortgage is~~  
22 ~~insured. In addition to such interest charges, the division may charge and~~  
23 ~~collect such fees and charges, including reimbursement of the division's~~  
24 ~~operating expenses, financing costs, service charges, insurance premiums~~  
25 ~~and mortgage insurance premiums as the division determines to be~~  
26 ~~reasonable.}~~  
27 **Sec. 18.** NRS 319.210 is hereby amended to read as follows:  
28 319.210 ~~{1.}~~ The division may:  
29 ~~{(a)}~~ *1.* Invest in, purchase or make commitments to purchase, and  
30 take assignments from lending institutions of mortgage loans and  
31 promissory notes accompanying such mortgage loans, including federally  
32 insured mortgage loans or participations with lending institutions in such  
33 promissory notes and mortgage loans, for the *acquisition*, construction,  
34 *development, renewal, redevelopment*, rehabilitation ~~[- purchase, leasing]~~  
35 or refinancing of residential housing , *including, without limitation,*  
36 *multifamily housing*, within this state ~~[-~~  
37 ~~—(b)}~~ ; and  
38 *2.* Sell, at public or private sale, with or without public bidding, any  
39 mortgage *loan, promissory note* or other obligation held by the division.  
40 ~~{2. At or before the time of purchase, the lending institution shall~~  
41 ~~certify to the division with respect to all mortgage loans transferred to the~~  
42 ~~division:~~  
43 ~~—(a) That the mortgage loans transferred to the division are for residential~~  
44 ~~housing for eligible families within this state; or~~  
45 ~~—(b) That the proceeds of sale or its equivalent will be reinvested in~~  
46 ~~mortgage loans for residential housing for eligible families within this state~~  
47 ~~in an aggregate principal amount equal to the amount of such sale~~  
48 ~~proceeds.}~~



1     **Sec. 19.** NRS 319.220 is hereby amended to read as follows:  
2     319.220 The division may:

3     1. Renegotiate, refinance or foreclose, or contract for the foreclosure  
4 of, any mortgage in default;

5     2. Waive any default or consent to the modification of the terms of any  
6 mortgage;

7     3. Commence any action to protect or enforce any right conferred upon  
8 it by any law, mortgage, contract or other agreement;

9     4. Bid for and purchase property upon which it holds a mortgage at  
10 any foreclosure or at any other sale, or acquire and take possession of any  
11 such property;

12     5. Operate, manage, lease, dispose of and otherwise deal with such  
13 property in such manner as may be necessary to protect the interest of the  
14 division and the holders of its bonds ~~[-, notes]~~ and other obligations; and

15     6. Consent to any modification with respect to rate of interest, time and  
16 payment of any installment of principal or interest, security or any other  
17 term of any contract, mortgage, mortgage loan, mortgage loan  
18 commitment, contract or agreement of any kind to which the division is a  
19 party, subject to any agreement with bondholders. ~~[-, for noteholders.]~~

20     **Sec. 20.** NRS 319.230 is hereby amended to read as follows:

21     319.230 ~~[-]~~ The division may:

22     ~~[(a)]~~ 1. Make loans to lending institutions under terms and conditions  
23 requiring the proceeds of the loans to be used by the lending institutions for  
24 the making of new mortgage loans for residential housing;

25     ~~[(b)]~~ 2. Purchase securities from lending institutions under terms and  
26 conditions requiring that the securities finance mortgage loans for  
27 residential housing; *and*

28     ~~[(c)]~~ 3. Require that loans to or securities purchased from lending  
29 institutions be additionally secured as to payment of both principal and  
30 interest by a pledge of and lien upon collateral security in such amounts  
31 and consisting of such obligations, securities ~~[-]~~ and mortgage loans as the  
32 administrator determines to be necessary to assure the payment of the loans  
33 or securities purchased and the interest on them as they become due.

34     ~~[(2.) The division may require in the case of any lending institution that~~  
35 ~~any required collateral be lodged with a bank or trust company, located~~  
36 ~~either within or outside the state, designated by the division as custodian~~  
37 ~~therefor. In the absence of this requirement, a lending institution shall, if~~  
38 ~~collateral is to be provided for the loan or securities purchased, upon~~  
39 ~~receipt of the proceeds from the division, enter into an agreement with the~~  
40 ~~division containing any provisions the division deems necessary to identify~~  
41 ~~adequately and maintain and service the collateral and providing that the~~  
42 ~~lending institution shall hold the collateral as trustee for the benefit of the~~  
43 ~~division and shall be held accountable as the trustee of an express trust for~~  
44 ~~the application and disposition thereof and the income therefrom solely to~~  
45 ~~the uses and purposes in accordance with the provisions of the agreement.~~  
46 ~~A copy of the agreement and any of its revisions or supplements, which~~  
47 ~~revisions or supplements may add to, delete from, or substitute items of~~  
48 ~~collateral pledged by the agreement, must be filed with the secretary of~~  
49 ~~state. The filing shall be deemed to perfect the security interest of the~~



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1 ~~division in the collateral and no filing, recording, possession or other action~~  
2 ~~required under any other law of this state is necessary, and the lien and~~  
3 ~~trust for the benefit of the division so created is binding from the time~~  
4 ~~made against all parties having any prior unperfected claim or claims of~~  
5 ~~any kind in tort, contract or otherwise or any subsequent security interests~~  
6 ~~against the lending institution. The division may also establish any~~  
7 ~~additional requirements the administrator deems necessary with respect to~~  
8 ~~the pledging, assigning, setting aside or holding of the collateral and the~~  
9 ~~making of substitutions for it or additions to it and the disposition of~~  
10 ~~income and receipts from it.~~

11 ~~— 3. The division may collect, enforce the collection of and foreclose on~~  
12 ~~any collateral securing its loan to or purchase of securities from lending~~  
13 ~~institutions and acquire or take possession of the collateral and sell the~~  
14 ~~collateral at public or private sale, with or without public bidding, and~~  
15 ~~otherwise deal with the collateral as may be necessary to protect the~~  
16 ~~interest of the division in it, all subject to any agreement with bondholders~~  
17 ~~or noteholders.~~

18 **Sec. 21.** NRS 319.250 is hereby amended to read as follows:

19 319.250 The division may procure insurance against any loss *in*  
20 *connection with its basic operations and* in connection with its property  
21 and other assets, including mortgages and mortgage loans, in such amounts  
22 and from such insurers as it deems desirable.

23 **Sec. 22.** NRS 319.260 is hereby amended to read as follows:

24 319.260 The division shall not finance any residential housing unless,  
25 ~~{prior to}~~ *before* such financing, the administrator finds that:

26 1. ~~{There exists a shortage of decent, safe and sanitary housing at~~  
27 ~~rentals or prices which eligible families can afford within the general~~  
28 ~~housing market area as determined by the administrator.}~~ *Financing the*  
29 *residential housing will assist in accomplishing one or more of the public*  
30 *purposes specified in NRS 319.020.*

31 2. Private enterprise and investment have been unable, without  
32 assistance, to provide an adequate supply of ~~{decent, safe and sanitary~~  
33 ~~housing in}~~ *residential housing or to provide* such housing ~~{market area}~~ at  
34 rentals or prices which ~~{persons or families of low and moderate income~~  
35 ~~can afford or to provide sufficient mortgage financing for residential~~  
36 ~~housing for occupancy by such persons or families.}~~ *eligible families can*  
37 *afford.*

38 3. The proposed ~~{residential housing}~~ *financing* will increase the  
39 supply or improve the quality of ~~{decent, safe and sanitary housing for~~  
40 ~~eligible families.}~~ *residential housing.*

41 4. The residential housing to be developed or assisted by the division  
42 pursuant to the provisions of this chapter will be of public use and will  
43 provide a public benefit.

44 5. *The costs of issuing financing are reasonable.*

45 6. The division's estimates of its revenues from the financing of the  
46 residential housing, together with all subsidies, grants or other financial  
47 assistance from governmental agencies or other entities to be received in  
48 connection with the residential housing, will be sufficient to pay the  
49 amount estimated by the division as necessary for debt service on its ~~{notes~~



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1 ~~and~~ bonds to be issued for the financing of the residential housing ~~{}~~, and  
2 *any agreements or instruments entered into by the division in connection*  
3 *with such financing to reduce one or more risks related to such*  
4 *financing are necessary or appropriate to their purposes.*

5 **Sec. 23.** NRS 319.270 is hereby amended to read as follows:

6 319.270 1. Subject to the limitation imposed by ~~{subsections 4 and~~  
7 ~~5.}~~ *subsection 4*, the division may issue its negotiable ~~{notes and}~~ bonds in  
8 such principal amount as the administrator determines to be necessary to  
9 provide sufficient money for achieving any of its statutory purposes,  
10 including the payment of interest on ~~{notes and}~~ bonds of the division,  
11 establishment of bond reserve funds and other reserves to secure the ~~{notes~~  
12 ~~and}~~ bonds, and all other expenditures of the division necessary or  
13 convenient to carry out its statutory purposes and powers.

14 2. ~~{Subject to}~~ *Except as otherwise provided by* any agreements with  
15 holders of ~~{notes or}~~ bonds, all ~~{notes and}~~ bonds issued by the division are  
16 special obligations of the division payable out of any revenues, money or  
17 other assets of the division pledged thereto. *The bonds do not constitute*  
18 *the debt or indebtedness of the state within the meaning of any provision*  
19 *or limitation of the constitution of this state or any statute of this state,*  
20 *and do not constitute or give rise to a pecuniary liability of the state or a*  
21 *charge against the general credit or taxing powers of this state. This*  
22 *limitation must be plainly stated on the face of each bond.*

23 3. In issuing the ~~{notes and}~~ bonds, the division acts as an agency or  
24 instrumentality of the State of Nevada.

25 4. Before any ~~{notes or}~~ bonds may be issued pursuant to this section,  
26 except those issued for the purpose of refunding outstanding ~~{notes or}~~  
27 bonds, the administrator must submit a copy of his finding of the  
28 conditions prerequisite to the financing of residential housing under this  
29 chapter to the state board of finance. If that board approves, the division  
30 may proceed to issue its ~~{notes or}~~ bonds in the amount approved. ~~{~~  
31 ~~subject to the further limitation of subsection 5.~~

32 ~~—5.— The aggregate principal amount of outstanding bonds, notes and~~  
33 ~~other obligations of the division must not exceed \$2,000,000,000, of which~~  
34 ~~\$100,000,000 must be allocated to veterans who qualify for loans under~~  
35 ~~this chapter, exclusive of any bonds, notes or obligations which have been~~  
36 ~~refunded. The establishment of this debt limitation does not prohibit the~~  
37 ~~division from issuing additional bonds, notes or other obligations if the~~  
38 ~~debt limitation is subsequently increased.}~~

39 **Sec. 24.** NRS 319.280 is hereby amended to read as follows:

40 319.280 1. The ~~{notes and}~~ bonds must be signed by the  
41 administrator, *or his designee*, who may use a facsimile signature for this  
42 purpose, must bear the date or dates *of maturity* and must mature at ~~{such~~  
43 ~~a}~~ *the* time or times ~~{as}~~ *that* the administrator determines. The bonds may  
44 be issued ~~{as serial bonds payable in annual installments or as term bonds~~  
45 ~~or as a combination thereof. The notes and bonds must}~~ *in such form*, bear  
46 interest at such ~~{a}~~ *fixed or variable* rate or rates, be in such  
47 denominations, have such registration privileges, be executed in such ~~{a}~~  
48 manner, be payable in such ~~{a}~~ medium of payment, at such a place or  
49 places within or outside of the state, and be subject to such terms of



1 redemption as the administrator determines. The ~~{notes and}~~ bonds of the  
2 division may be sold by the division at public or private sale at such a price  
3 or prices as the administrator determines except that no note, bond or other  
4 obligation *bond* issued by the division may be initially distributed to the  
5 public unless it has received a rating in one of the three highest rating  
6 categories from a national rating service.

7 2. If the administrator whose signature appears on any ~~{notes or}~~ bonds  
8 or coupons ceases to act in that capacity before the delivery of the ~~{notes~~  
9 ~~or}~~ bonds, his signature is valid and sufficient for all purposes as if he had  
10 remained in office until their delivery.

11 3. The provisions of *any other chapter of NRS that relates to the*  
12 *issuance of bonds, including, without limitation,* chapter 349 of NRS, do  
13 not apply to ~~{any bonds, notes or other obligations issued}~~ *the issuance of*  
14 *bonds* by the division under the provisions of this chapter.

15 **Sec. 25.** NRS 319.290 is hereby amended to read as follows:

16 319.290 The division in issuing any ~~{notes or}~~ bonds may contract  
17 with the holders thereof as to:

18 1. Pledging all or any part of the revenues of the division to secure the  
19 payment of the ~~{notes or}~~ bonds subject to such agreements with  
20 ~~{noteholders or}~~ bondholders as may then exist.

21 2. Pledging all or any part of the assets of the division, including  
22 mortgages and obligations securing such assets, to secure the payment of  
23 the ~~{notes or}~~ bonds subject to such agreements with ~~{noteholders or}~~  
24 bondholders as may then exist.

25 3. The use and disposition of the gross income from mortgages owned  
26 by the division and the payment of principal of mortgages owned by the  
27 division.

28 4. The setting aside of reserves or sinking funds and the regulation and  
29 disposition thereof.

30 5. Limitations on the purpose to which the proceeds of sale of ~~{notes~~  
31 ~~or}~~ bonds may be applied and pledging such proceeds to secure the  
32 payment of the ~~{notes or}~~ bonds or of any issue thereof.

33 6. Limitations on the issuance of additional ~~{notes or}~~ bonds, the terms  
34 upon which additional ~~{notes or}~~ bonds may be issued and secured, and the  
35 refunding of outstanding or other ~~{notes or}~~ bonds.

36 7. The procedure, if any, by which the terms of any contract with  
37 ~~{noteholders or}~~ bondholders may be amended or abrogated, the amount of  
38 ~~{notes or}~~ bonds the holders of which must consent thereto, and the manner  
39 in which such consent may be given.

40 8. Limitations on the amount of moneys to be expended by the  
41 division for operating expenses of the division.

42 9. Vesting in a trustee or trustees such property, rights, powers and  
43 duties in trust as the administrator may determine, which may include any  
44 or all of the rights, powers and duties of the trustee appointed by the  
45 bondholders pursuant to this chapter and limiting or abrogating the right of  
46 the bondholders to appoint a trustee under this act or limiting the rights,  
47 powers and duties of such trustee.

48 10. Defining the acts or omissions which ~~{shall}~~ constitute a default in  
49 the obligations and duties of the division to the holders of the ~~{notes or}~~



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1 bonds and providing for the rights and remedies of the holders of the ~~notes~~  
2 ~~or~~ bonds in case of such default, including as a matter of right the  
3 appointment of a receiver, but such rights and remedies shall not be  
4 inconsistent with the general laws of this state and the other provisions of  
5 this chapter.

6 11. Any other matters, of like or different character, which in any way  
7 affect the security or protection of the holders of the ~~notes or~~ *bonds or*  
8 *the marketability of the* bonds.

9 Any pledge made by the division is valid and binding from the time when  
10 the pledge is made. ~~The~~ *Notwithstanding any other provision of law, the*  
11 revenues, moneys or property so pledged and thereafter received by *or on*  
12 *behalf of* the division are immediately subject to the lien of such pledge  
13 without any physical delivery thereof or further act, and the lien of any  
14 such pledge is valid and binding as against all persons having claims of any  
15 kind in tort, contract or otherwise against the division, whether or not such  
16 persons have notice thereof. Neither the proceedings of the division  
17 relating to the bonds ~~for notes~~ nor any other instrument by which a pledge  
18 is created need be recorded.

19 **Sec. 26.** NRS 319.300 is hereby amended to read as follows:

20 319.300 In the discretion of the administrator, bonds issued by the  
21 division may be secured by a trust indenture or trust indentures by and  
22 between the division and a corporate trustee, which may be any trust  
23 company or bank having the power of a trust company within or outside  
24 this state. Such trust indenture may contain such provisions for protecting  
25 and enforcing the rights and remedies of the bondholders as may be  
26 reasonable and proper and not in violation of law, including covenants  
27 setting forth the duties of the division in relation to the exercise of its  
28 statutory powers and the custody, safeguarding and application of all  
29 moneys. The division may provide by such trust indenture for the payment  
30 of the proceeds of the bonds and the revenues to the trustee under such  
31 trust indenture or other depository, and for the method of disbursement  
32 thereof, with such safeguards and restrictions as the administrator may  
33 determine. All expenses incurred in carrying out such trust indenture may  
34 be treated as part of the operating expenses of the division. Such trust  
35 indenture may limit or abrogate the right of the holders of any bonds ~~to~~  
36 ~~notes or other obligations~~ of the division to appoint a trustee under this  
37 chapter or limit the rights, powers and duties of such trustee.

38 **Sec. 27.** NRS 319.310 is hereby amended to read as follows:

39 319.310 The division may procure or agree to the procurement of  
40 insurance or guarantees from any governmental agency or from any private  
41 insurance company, of the payment of any bonds ~~for notes or any other~~  
42 ~~evidences of indebtedness thereof~~ issued by the division or by any lending  
43 institution, and may pay premiums on such insurance.

44 **Sec. 28.** NRS 319.320 is hereby amended to read as follows:

45 319.320 1. The division, subject to such agreements with  
46 ~~noteholders or~~ bondholders as may then exist, may, out of any money  
47 available therefor, purchase its ~~notes or~~ bonds to retire and cancel them.  
48 ~~The price must not exceed:~~



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1 ~~— (a) The redemption price then applicable plus accrued interest to the~~  
2 ~~next interest payment thereon if the notes or bonds are then redeemable; or~~  
3 ~~— (b) The redemption price applicable on the first date after the purchase~~  
4 ~~upon which the notes or bonds become subject to redemption plus accrued~~  
5 ~~interest to that date if the notes or bonds are not redeemable.]~~

6 2. The division may, in connection with any remarketing or refunding  
7 of its ~~{notes or}~~ bonds or for any of its purposes, acquire, or cause to be  
8 acquired, its ~~{notes or}~~ bonds without retiring and canceling them.

9 **Sec. 29.** NRS 319.325 is hereby amended to read as follows:

10 319.325 The division may:

11 1. Provide that any bonds ~~{or notes}~~ issued by the division be insured  
12 or be secured by surety bonds, letters of credit not issued by the division,  
13 guaranties or other means of assuring repayment of such bonds. ~~{or notes}.~~

14 2. Require that any loans, including a mortgage loan, made or  
15 purchased by the division be insured or be secured by surety bonds, letters  
16 of credit not issued by the division, guaranties or other means of assuring  
17 repayment of such loans.

18 3. Pay the fees, charges, premiums and any other costs associated with  
19 obtaining and maintaining insurance, or other means of assuring  
20 repayment, from any available money of the division including premiums,  
21 fees and charges assessed against sponsors, lending institutions or other  
22 participants or beneficiaries of the programs of the division.

23 **Sec. 30.** NRS 319.327 is hereby amended to read as follows:

24 319.327 The division may:

25 1. Waive, by such means as the division deems appropriate, any  
26 exemption from federal income taxation of interest on the division's bonds  
27 ~~{, notes or other obligations}~~ provided by 26 U.S.C. §§ 103 and 141 to 149,  
28 inclusive, and related portions of the Internal Revenue Code or any  
29 succeeding code or other federal statute providing a similar exemption; or

30 2. Issue ~~{notes, bonds or other obligations}~~ **bonds**, the interest on  
31 which is not exempt from federal income taxation or excluded from gross  
32 revenue for the purpose of federal income taxation, if necessary to carry  
33 out the purposes of this chapter.

34 **Sec. 31.** NRS 319.330 is hereby amended to read as follows:

35 319.330 1. The division may issue refunding ~~{obligations}~~ **bonds** to  
36 refund any ~~{obligations}~~ **bonds** then outstanding which have been issued  
37 under the provisions of this chapter, including the payment of any  
38 redemption premium thereon and any interest accrued or to accrue to the  
39 date of redemption of the ~~{obligations}~~ **bonds** and for any statutory purpose  
40 of the division. The issuance of the ~~{obligations}~~ **bonds**, the maturities and  
41 other details thereof, the rights of the holders thereof, and the rights, duties  
42 and obligations of the division in respect to them are governed by the  
43 provisions of this chapter which relate to the issuance of original  
44 obligations insofar as appropriate.

45 2. Refunding ~~{obligations}~~ **bonds** issued as provided in this section  
46 may be sold or exchanged for outstanding ~~{obligations}~~ **bonds** issued under  
47 this chapter and, if they are sold, the proceeds thereof may be applied, in  
48 addition to any other authorized purposes, to the purchase, redemption or  
49 payment of the outstanding ~~{obligations}~~. ~~Pending the application of the~~



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1 ~~proceeds of the refunding obligations, with any other available funds, to~~  
2 ~~the purpose for which they are issued, the proceeds may be invested in~~  
3 ~~direct obligations of, or obligations the principal of and the interest on~~  
4 ~~which are unconditionally guaranteed by, the United States of America, or~~  
5 ~~obligations of any agency or instrumentality of the United States, which~~  
6 ~~mature or which are subject to redemption by the holders thereof, at the~~  
7 ~~option of such holders, not later than the respective dates when the~~  
8 ~~proceeds, together with the interest accruing thereon, will be required for~~  
9 ~~the purposes intended.] bonds upon the terms and conditions determined~~  
10 ~~by the division, subject to any agreements with the holders of the bonds.~~

11 **Sec. 32.** NRS 319.340 is hereby amended to read as follows:

12 319.340 ~~[(a)]~~ The division may establish one or more bond reserve  
13 funds, and shall pay into each such bond reserve fund ~~[(a)]~~

14 ~~[(a)]~~ *as required for that fund:*

15 *1.* Any money appropriated by the legislature for the purpose of the  
16 fund;

17 ~~[(b)]~~ *2.* Any proceeds of sale of ~~[(notes or)]~~ bonds to the extent  
18 provided in connection with the issuance thereof; and

19 ~~[(c)]~~ *3.* Any other money which may be available to the division for  
20 the purpose of the fund from any other source or sources.

21 All money held in any bond reserve fund, ~~[(except as otherwise expressly~~  
22 ~~provided in this chapter, must be used, as required, solely for the payment~~  
23 ~~of the principal of bonds secured in whole or in part by the fund or of the~~  
24 ~~sinking fund payments with respect to such bonds, the purchase or~~  
25 ~~redemption of such bonds, the payment of interest on such bonds or the~~  
26 ~~payment of any redemption premium required to be paid when the bonds~~  
27 ~~are redeemed before maturity.]~~

28 ~~—2.— Money in such a fund must not be withdrawn from the fund at any~~  
29 ~~time in an amount that would reduce the amount of the fund below the~~  
30 ~~requirement established for that fund, except to pay when due, with respect~~  
31 ~~to bonds secured in whole or in part by that fund, principal, interest,~~  
32 ~~redemption premiums and sinking fund payments for the payment of which~~  
33 ~~other money of the division is not available. Any income or interest earned~~  
34 ~~by or incremental to any bond reserve fund resulting from the investment~~  
35 ~~thereof may be transferred by the division to other funds or accounts of the~~  
36 ~~division and to the account for low income housing created pursuant to~~  
37 ~~NRS 319.500, to the extent that the amount of that bond reserve fund is not~~  
38 ~~reduced below the requirement for the fund.] including, without limitation,~~  
39 ~~any investment earnings thereon, must be used in the manner provided~~  
40 ~~for in the agreements with the holders of the bonds.~~

41 **Sec. 33.** NRS 319.370 is hereby amended to read as follows:

42 319.370 1. If the division defaults in the payment of principal ~~[(or)]~~ or  
43 interest on any bonds ~~[(or notes)]~~ issued under this chapter after it is due,  
44 whether at maturity or upon call for redemption, ~~[(and such default~~  
45 ~~continues for a period of 30 days,)]~~ or if the division fails or refuses to  
46 comply with the provisions of this chapter or defaults in any agreement  
47 made with the holders of an issue of its bonds, ~~[(or notes,)]~~ the holders of 25  
48 percent in aggregate principal amount of the bonds ~~[(or notes)]~~ of such issue  
49 then outstanding, by instrument or instruments filed in the office of the



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1 secretary of state and proved or acknowledged in the same manner as a  
2 deed to be recorded, may appoint a trustee to represent the holders of such  
3 bonds ~~for notes~~ for the purposes provided in this section.

4 2. The trustee may, and upon written request of the holders of 25  
5 percent in principal amount of such bonds ~~for notes~~ then outstanding shall,  
6 in his or its own name:

7 (a) Enforce the right of the bondholders ~~for noteholders~~ to require the  
8 division to collect interest and amortization payments on the mortgages  
9 held by it adequate to carry out any agreement as to, or pledge of, such  
10 interest and amortization payments, and to require the division to carry out  
11 any other agreements with the holders of such bonds ~~for notes~~ and to  
12 perform its duties under this act.

13 (b) Enforce the right of the bondholders ~~for noteholders~~ to collect and  
14 enforce the payment of principal of and interest due or becoming due on  
15 loans to lending institutions and collect and enforce any rights in respect to  
16 collateral securing such loans or sell such collateral, so as to carry out any  
17 contract as to, or pledge of revenues, and to require the division to carry  
18 out any contract as to, or pledge of revenues, and to require the division to  
19 perform its duties under this chapter.

20 (c) Bring suit upon all or any part of such bonds . ~~for notes.~~

21 (d) By civil action, require the agency to account as if it were the trustee  
22 of an express trust for the holders of such bonds . ~~for notes.~~

23 (e) By civil action, enjoin any acts or things which may be unlawful or  
24 in violation of the rights of the holders of such bonds . ~~for notes.~~

25 (f) Declare all such bonds ~~for notes~~ due and payable, and if all defaults  
26 are made good then with the consent of the holders of 25 percent of the  
27 principal amount of such bonds ~~for notes~~ then outstanding, to annul such  
28 declaration and its consequences.

29 (g) Enforce any other right of the bondholders ~~for noteholders~~  
30 conferred by law or by the proceedings of the division authorizing the  
31 issuance of the bonds . ~~for notes.~~

32 3. The trustee shall, in addition to the powers listed in subsection 2,  
33 have all the powers necessary or appropriate for the exercise of any  
34 functions specifically set forth in this section or incident to the general  
35 representation of bondholders ~~for noteholders~~ in the enforcement and  
36 protection of their rights.

37 4. ~~Before declaring the principal of bonds or notes due and payable,~~  
38 ~~the trustee shall give 30 days' notice in writing to the governor, to the~~  
39 ~~administrator and to the attorney general of this state.~~

40 ~~—5.—~~ The district ~~court of the first judicial district has~~ *courts of this state*  
41 *have* jurisdiction of any suit, action or proceeding by the trustee on behalf  
42 of bondholders . ~~for noteholders.~~

43 **Sec. 34.** NRS 319.380 is hereby amended to read as follows:

44 319.380 1. The State of Nevada hereby pledges to and agrees with  
45 the holders of any ~~notes or~~ bonds issued under this chapter that the state  
46 will not limit or alter the rights vested in the division by this chapter to  
47 fulfill the terms of any agreements made with such holders or in any way  
48 impair the rights and remedies of such holders until such ~~notes and~~  
49 bonds, together with the interest thereon, with interest on any unpaid



1 installments of interest, and all costs and expenses in connection with any  
2 action or proceeding by or on behalf of such holders, are fully met and  
3 discharged. The division may include this pledge and agreement of the  
4 state in any agreement with the holders of such ~~notes or~~ bonds.

5 2. Obligations issued under the provisions of this chapter, including  
6 letters of credit issued by the division, do not constitute a debt, liability or  
7 obligation of this state or of any political subdivision thereof, or a pledge of  
8 the faith and credit of this state or of any political subdivision thereof, but  
9 are payable solely from the revenues or assets of the division. Each  
10 obligation, including a letter of credit, issued under this chapter must  
11 contain on the face thereof a statement to the effect that , *except as*  
12 *otherwise provided in the obligation*, the division is not obligated to pay  
13 the obligation or the interest thereon except from the revenues or assets  
14 pledged therefor and that neither the faith and credit nor the taxing power  
15 of this state or of any political subdivision thereof is pledged to the  
16 payment of the principal of or the interest on the obligation.

17 **Sec. 35.** NRS 319.390 is hereby amended to read as follows:

18 319.390 1. The ~~notes and~~ bonds of the division are legal  
19 investments in which all public officers and public bodies of the state, its  
20 political subdivisions, all municipalities and municipal subdivisions, all  
21 insurance companies and associations and other persons carrying on an  
22 insurance business, all banks, savings and loan associations and trust  
23 companies, all administrators, guardians, executors, trustees and other  
24 fiduciaries, and all other persons who are authorized on or after July 1,  
25 1975, to invest in bonds or in other obligations of this state, may properly  
26 and legally invest funds, including capital, in their control or belonging to  
27 them. The ~~notes and~~ bonds are securities which may properly and legally  
28 be deposited with and received by all public officers and public bodies of  
29 the state or any agency or political subdivision of the state and all  
30 municipalities and public corporations for any purpose for which the  
31 deposit of bonds or other obligations of this state is authorized by law on  
32 and after July 1, 1975, and may be used as collateral to secure any deposit  
33 of public moneys.

34 2. The ~~notes and~~ bonds of the division are securities within the  
35 meaning of the Uniform Commercial Code-Investment Securities.

36 **Sec. 36.** NRS 319.510 is hereby amended to read as follows:

37 319.510 1. Money deposited in the account for low-income housing  
38 must be used:

39 (a) For the acquisition, construction or rehabilitation of housing for  
40 eligible families by public or private nonprofit charitable organizations,  
41 housing authorities or local governments through loans, grants or subsidies;

42 (b) To provide technical and financial assistance to public or private  
43 nonprofit charitable organizations, housing authorities and local  
44 governments for the acquisition, construction or rehabilitation of housing  
45 for eligible families;

46 (c) To provide funding for projects of public or private nonprofit  
47 charitable organizations, housing authorities or local governments that  
48 provide assistance to or guarantee the payment of rent or deposits as  
49 security for rent for eligible families, including homeless persons;



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1 (d) To reimburse the division for the costs of administering the account;  
2 and

3 (e) In any other manner consistent with this section to assist eligible  
4 families in obtaining or keeping housing, including , *without limitation*,  
5 use as ~~the~~ :

6 (1) *The* state's contribution to facilitate the receipt of related federal  
7 money ~~it~~ ;

8 (2) *Assistance with rent and related expenses, including, without*  
9 *limitation, utility costs; and*

10 (3) *Assistance for emergencies associated with maintaining*  
11 *housing.*

12 2. Except as otherwise provided in this subsection, the division may  
13 expend money from the account as reimbursement for the necessary costs  
14 of efficiently administering the account and any money received pursuant  
15 to 42 U.S.C. §§ 12701 et seq. In no case may the division expend more  
16 than \$40,000 per year or an amount equal to 6 percent of any money made  
17 available to the state pursuant to 42 U.S.C. §§ 12701 et seq., whichever is  
18 greater. ~~Of the remaining money allocated from the account:~~

19 ~~—(a) Except as otherwise provided in subsection 3, 15 percent must be~~  
20 ~~distributed to the welfare division of the department of human resources~~  
21 ~~for use in its program developed pursuant to 45 C.F.R. § 233.120 to~~  
22 ~~provide emergency assistance to needy families with children, subject to~~  
23 ~~the following:~~

24 ~~—(1) The welfare division shall adopt regulations governing the use of~~  
25 ~~the money that are consistent with the provisions of this section.~~

26 ~~—(2) The money must be used solely for activities relating to low-~~  
27 ~~income housing that are consistent with the provisions of this section.~~

28 ~~—(3) The money must be made available to families that have children~~  
29 ~~and whose income is at or below the federally designated level signifying~~  
30 ~~poverty.~~

31 ~~—(4) All money provided by the Federal Government to match the~~  
32 ~~money distributed to the welfare division pursuant to this section must be~~  
33 ~~expended for activities consistent with the provisions of this section.~~

34 ~~—(b) Eighty five percent must be distributed to public or private nonprofit~~  
35 ~~charitable organizations, housing authorities and local governments for the~~  
36 ~~acquisition, construction and rehabilitation of housing for eligible families,~~  
37 ~~subject to the following:~~

38 ~~—(1) Priority must be given to those projects that qualify for the federal~~  
39 ~~tax credit relating to low income housing.~~

40 ~~—(2) Priority must be given to those projects that anticipate receiving~~  
41 ~~federal money to match the state money distributed to them.~~

42 ~~—(3) Priority must be given to those projects that have the commitment~~  
43 ~~of a local government to provide assistance to them.~~

44 ~~—(4) All money must be used to benefit families whose income does~~  
45 ~~not exceed 60 percent of the median income for families residing in the~~  
46 ~~same county, as defined by the United States Department of Housing and~~  
47 ~~Urban Development.~~

48 ~~—(5) Not less than 15 percent of the units acquired, constructed or~~  
49 ~~rehabilitated must be affordable to persons whose income is at or below the~~



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~~1 federally designated level signifying poverty. For the purposes of this  
2 subparagraph, a unit is affordable if a family does not have to pay more  
3 than 30 percent of its gross income for housing costs, including both utility  
4 and mortgage or rental costs.~~

~~5 (6) To be eligible to receive money pursuant to this paragraph, a  
6 project must be sponsored by a local government.~~

~~7 3. The division may, pursuant to contract and in lieu of distributing  
8 money to the welfare division pursuant to paragraph (a) of subsection 2,  
9 distribute any amount of that money to private or public nonprofit entities  
10 for use consistent with the provisions of this section.~~

11 **Sec. 37.** NRS 104.9109 is hereby amended to read as follows:

12 104.9109 1. Except as otherwise provided in subsections 3 and 4,  
13 this article applies to:

14 (a) A transaction, regardless of its form, that creates a security interest  
15 in personal property or fixtures by contract;

16 (b) An agricultural lien;

17 (c) A sale of accounts, chattel paper, payment intangibles or promissory  
18 notes;

19 (d) A consignment;

20 (e) A security interest arising under NRS 104.2401, 104.2505,  
21 subsection 3 of NRS 104.2711, or subsection 5 of NRS 104A.2508, as  
22 provided in NRS 104.9110; and

23 (f) A security interest arising under NRS 104.4210 or 104.5118.

24 2. The application of this article to a security interest in a secured  
25 obligation is not affected by the fact that the obligation is itself secured by  
26 a transaction or interest to which this article does not apply.

27 3. This article does not apply to the extent that:

28 (a) A statute, regulation or treaty of the United States preempts this  
29 article;

30 (b) Another statute of this state expressly governs the creation,  
31 perfection, priority or enforcement of a security interest created by this  
32 state or a governmental unit of this state;

33 (c) A statute of another state, a foreign country, or a governmental unit  
34 of another state or a foreign country, other than a statute generally  
35 applicable to security interests, expressly governs creation, perfection,  
36 priority, or enforcement of a security interest created by the state, country,  
37 or governmental unit; or

38 (d) The rights of a transferee beneficiary or nominated person under a  
39 letter of credit are independent and superior under NRS 104.5114.

40 4. This article does not apply to:

41 (a) A landlord's lien, other than an agricultural lien;

42 (b) A lien, other than an agricultural lien, given by statute or other rule  
43 of law for services or materials, but NRS 104.9333 applies with respect to  
44 priority of the lien;

45 (c) An assignment of a claim for wages, salary or other compensation of  
46 an employee;

47 (d) A sale of accounts, chattel paper, payment intangibles or promissory  
48 notes as part of a sale of the business out of which they arose;



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1 (e) An assignment of accounts, chattel paper, payment intangibles or  
2 promissory notes which is for the purpose of collection only;

3 (f) An assignment of a right to payment under a contract to an assignee  
4 that is also obligated to perform under the contract;

5 (g) An assignment of a single account, payment intangible or  
6 promissory note to an assignee in full or partial satisfaction of a preexisting  
7 indebtedness;

8 (h) A transfer of an interest in or an assignment of a claim under a  
9 policy of insurance, other than an assignment by or to a health-care  
10 provider of a health-care-insurance receivable and any subsequent  
11 assignment of the right to payment, but NRS 104.9315 and 104.9322 apply  
12 with respect to proceeds and priorities in proceeds;

13 (i) An assignment of a right represented by a judgment, other than a  
14 judgment taken on a right to payment that was collateral;

15 (j) A right of recoupment or set-off, but:

16 (1) NRS 104.9340 applies with respect to the effectiveness of rights  
17 of recoupment or set-off against deposit accounts; and

18 (2) NRS 104.9404 applies with respect to defenses or claims of an  
19 account debtor;

20 (k) The creation or transfer of an interest in or lien on real property,  
21 including a lease or rents thereunder, except to the extent that provision is  
22 made for:

23 (1) Liens on real property in NRS 104.9203 and 104.9308;

24 (2) Fixtures in NRS 104.9334;

25 (3) Fixture filings in NRS 104.9501, 104.9502, 104.9512, 104.9516  
26 and 104.9519; and

27 (4) Security agreements covering personal and real property in NRS  
28 104.9604;

29 (l) An assignment of a claim arising in tort, other than a commercial tort  
30 claim, but NRS 104.9315 and 104.9322 apply with respect to proceeds and  
31 priorities in proceeds; ~~to~~

32 (m) An assignment of a deposit account in a consumer transaction, but  
33 NRS 104.9315 and 104.9322 apply with respect to proceeds and priorities  
34 in proceeds ~~to~~; or

35 *(n) A transfer by a government or governmental unit.*

36 **Sec. 38.** NRS 242.111 is hereby amended to read as follows:

37 242.111 The director shall adopt regulations necessary for the  
38 administration of this chapter, including:

39 1. The policy for the information systems of the executive branch of  
40 government, excluding the University and Community College System of  
41 Nevada, *the housing division of the department of business and industry,*  
42 and the Nevada criminal justice information computer system, as that  
43 policy relates, but is not limited, to such items as standards for systems and  
44 programming and criteria for selection, location and use of information  
45 systems to meet the requirements of state agencies and officers at the least  
46 cost to the state;

47 2. The procedures of the department in providing information services,  
48 which may include provision for the performance, by an agency which uses



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1 the services or equipment of the department, of preliminary procedures,  
2 such as data recording and verification, within the agency;

3 3. The effective administration of the communication and computing  
4 division, including security to prevent unauthorized access to information  
5 systems and plans for the recovery of systems and applications after they  
6 have been disrupted; and

7 4. Specifications and standards for the employment of all personnel of  
8 the department.

9 **Sec. 39.** NRS 242.115 is hereby amended to read as follows:

10 242.115 1. Except as otherwise provided in subsection 2, the  
11 planning and research unit of the planning and programming division of  
12 the department shall:

13 (a) Develop policies and standards for the information systems of the  
14 executive branch of government;

15 (b) Coordinate the development of a biennial state plan for the  
16 information systems of the executive branch of government;

17 (c) Develop guidelines to assist state agencies in the development of  
18 short- and long-term plans for their information systems;

19 (d) Develop guidelines and procedures for the procurement and  
20 maintenance of the information systems of the executive branch of  
21 government;

22 (e) Develop standards to ensure the security of the information systems  
23 of the executive branch of government; and

24 (f) Perform other planning and research functions at the direction of  
25 the director.

26 2. This section does not apply to the University and Community  
27 College System of Nevada , *the housing division of the department of*  
28 *business and industry*, or the Nevada criminal justice information  
29 computer system used to provide support for the operations of law  
30 enforcement agencies in this state.

31 **Sec. 40.** NRS 242.131 is hereby amended to read as follows:

32 242.131 1. The department shall provide state agencies and elected  
33 state officers with all their required design of information systems. All  
34 agencies and officers must use those services and equipment, except as  
35 otherwise provided in subsection 2.

36 2. The following agencies may negotiate with the department for its  
37 services or the use of its equipment, subject to the provisions of this  
38 chapter, and the department shall provide those services and the use of that  
39 equipment as may be mutually agreed:

40 (a) The court administrator;

41 (b) The department of motor vehicles and public safety;

42 (c) The department of transportation;

43 (d) The employment security division of the department of employment,  
44 training and rehabilitation;

45 (e) The division of wildlife of the state department of conservation and  
46 natural resources;

47 (f) The legislative counsel bureau;

48 (g) The state controller;



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1 (h) The state gaming control board and Nevada gaming commission;

2 ~~and~~

3 (i) The University and Community College System of Nevada ~~and~~; and

4 ~~(j) The housing division of the department of business and industry.~~

5 3. Any state agency or elected state officer who uses the services of the  
6 department and desires to withdraw substantially from that use must apply  
7 to the director for approval. The application must set forth justification for  
8 the withdrawal. If the director denies the application, the agency or officer  
9 must:

10 (a) If the legislature is in regular or special session, obtain the approval  
11 of the legislature by concurrent resolution.

12 (b) If the legislature is not in regular or special session, obtain the  
13 approval of the interim finance committee. The director shall, within 45  
14 days after receipt of the application, forward the application together with  
15 his recommendation for approval or denial to the interim finance  
16 committee. The interim finance committee has 45 days after the application  
17 and recommendation are submitted to its secretary within which to  
18 consider the application. Any application which is not considered by the  
19 committee within the 45-day period shall be deemed approved.

20 4. If the demand for services or use of equipment exceeds the  
21 capability of the department to provide them, the department may contract  
22 with other agencies or independent contractors to furnish the required  
23 services or use of equipment and is responsible for the administration of  
24 the contracts.

25 **Sec. 41.** NRS 333.020 is hereby amended to read as follows:

26 333.020 As used in this chapter, unless the context otherwise requires:

27 1. "Chief" means the chief of the purchasing division.

28 2. "Director" means the director of the department of administration.

29 3. "Invitation to bid" means a written statement which sets forth the  
30 requirements and specifications of a contract to be awarded by competitive  
31 selection.

32 4. "Proprietary information" means:

33 (a) Any trade secret or confidential business information that is  
34 contained in a bid or proposal submitted on a particular contract; or

35 (b) Any other trade secret or confidential business information  
36 submitted in a bid or proposal and designated as proprietary by the  
37 chief.

38 As used in this subsection, "confidential business information" means any  
39 information relating to the amount or source of any income, profits, losses  
40 or expenditures of a person, including data relating to cost or price  
41 submitted in support of a bid or proposal. The term does not include the  
42 amount of a bid or proposal.

43 5. "Purchasing division" means the purchasing division of the  
44 department of administration.

45 6. "Purchasing officer" means a person who is authorized by the chief  
46 or a using agency to participate in:

47 (a) The evaluation of bids or proposals for a contract;

48 (b) Any negotiations concerning a contract; or

49 (c) The development, review or approval of a contract.



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- 1 7. “Request for proposals” means a written statement which sets forth  
2 the requirements and specifications of a contract to be awarded by  
3 competitive selection.
- 4 8. “Trade secret” has the meaning ascribed to it in NRS 600A.030.
- 5 9. “Using agencies” means all officers, departments, institutions,  
6 boards, commissions and other agencies in the executive department of the  
7 state government which derive their support from public money in whole  
8 or in part, whether the money is provided by the State of Nevada, received  
9 from the Federal Government or any branch, bureau or agency thereof, or  
10 derived from private or other sources. The term does not include the  
11 Nevada rural housing authority, *the housing division of the department of*  
12 *business and industry*, local governments as defined in NRS 354.474,  
13 conservation districts, irrigation districts and the University and  
14 Community College System of Nevada.
- 15 10. “Volunteer fire department” means a volunteer fire department  
16 which pays premiums for industrial insurance pursuant to the provisions of  
17 chapters 616A to 616D, inclusive, or chapter 617 of NRS.
- 18 **Sec. 42.** NRS 319.045, 319.080, 319.150, 319.160, 319.165, 319.171,  
19 319.172, 319.175, 319.180, 319.323, 319.350 and 319.360 are hereby  
20 repealed.
- 21 **Sec. 43.** The provisions of NRS 284.380 regarding layoffs and  
22 reemployment apply to each classified employee of the housing division of  
23 the department of business and industry who is laid off as a result of the  
24 amendatory provisions of this act.
- 25 **Sec. 44.** 1. This section and sections 1 to 36, inclusive, and 38 to 43,  
26 inclusive, of this act become effective on July 1, 2001.
- 27 2. Section 37 of this act becomes effective at 12:01 a.m. on July 1,  
28 2001.
- 29 3. Section 43 of this act expires by limitation on July 1, 2003.

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#### LEADLINES OF REPEALED SECTIONS

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- 319.045 “Collateralized mortgage obligation” defined.  
319.080 “Insured mortgage” defined.  
319.150 Contracts and other transactions; grants.  
319.160 Information, research and promotion.  
319.165 Division may create instrumentalities to carry out  
purposes of chapter; notes, bonds or obligations subject to statutory  
requirements.  
319.171 Investment in collateralized mortgage obligations or  
trusts.  
319.172 Authority to make loans of investment securities.  
319.175 Acquisition and sale of land.  
319.180 Powers of division as mortgagee.  
319.323 Issuance of collateralized mortgage obligations; use of  
proceeds; submission of findings to state board of finance.  
319.350 Bond reserve funds: Limitations.



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**319.360 Bond reserve funds: Purpose; status reports.**

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