

CHAPTER.....

AN ACT relating to appraisers; incorporating various requirements provided in section 1473 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that govern appraisers who are certified or licensed in this State and appraisal management companies that are registered in this State; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

In 2010, the United States Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act. (Pub. L. No. 111-203) Section 1473 of the Dodd-Frank Act amended various sections of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, 12 U.S.C. §§ 3331 to 3356, as it relates to the Appraisal Subcommittee of the Federal Financial Institutions Examination Council and created additional requirements for appraisal management companies. This bill incorporates the new requirements that were created by the Dodd-Frank Act into Nevada Revised Statutes.

Section 1473 of the Dodd-Frank Act created a new definition for “appraisal management company.” (12 U.S.C. § 3350(11)) **Section 13** of this bill incorporates this new definition by amending the definition for “appraisal management company.” **Sections 2-4** of this bill additionally incorporate federal law by creating new definitions that are copied from 12 U.S.C. § 3350. **Section 12** of this bill makes conforming changes.

Section 1473 of the Dodd-Frank Act requires each state with an appraiser certifying and licensing agency to transmit reports on the issuance of any sanctions, disciplinary actions, license and certification revocations and license and certification suspensions on a timely basis to the national registry of the Appraisal Subcommittee. (12 U.S.C. § 3338(a)(2)) The Dodd-Frank Act further requires the Appraisal Subcommittee to monitor each state appraiser certifying and licensing agency to determine whether such an agency reports complaints and disciplinary actions on a timely basis to the national registry on appraisers maintained by the Appraisal Subcommittee. (12 U.S.C. § 3347(a)(5)) **Section 5** of this bill incorporates these requirements by requiring the Real Estate Division of the Department of Business and Industry to report to the national registry of the Appraisal Subcommittee any: (1) sanction, final disciplinary action or revocation, suspension or denial to renew a certificate, license or registration card taken against an appraiser or intern; and (2) violation by an appraiser or intern of existing law. The Dodd-Frank Act requires each state to transmit similar reports concerning appraisal management companies. (12 U.S.C. §§ 3338(a)(3), 3347(a)(5)); 12 C.F.R. §§ 34.213(a)(7), 225.193(a)(7), 323.11(a)(7), 1026.42(h), 1222.23(a)(7)) **Section 11** of this bill incorporates these requirements by requiring the Division to report to the national registry of the Appraisal Subcommittee any: (1) supervisory activity, investigation, final disciplinary action or revocation, suspension or denial to renew a registration taken against an appraisal management company; and (2) violation by an appraisal management company of existing law.

Section 1473 of the Dodd-Frank Act requires the Appraisal Subcommittee to monitor each state appraiser certifying and licensing agency to determine if such an agency: (1) processes complaints and completes investigations in a reasonable time period; and (2) appropriately disciplines sanctioned appraisers and appraisal management companies. (12 U.S.C. § 3347(a)(2)&(3);



12 C.F.R. §§ 34.213(a)(5)&(6), 225.193(a)(5)&(6), 323.11(a)(5)&(6), 1026.42(h), 1222.23(a)(5)&(6)) Existing law sets forth such requirements for appraisers. (NRS 645C.460-645C.540) **Sections 6-11** of this bill create similar provisions that govern appraisal management companies to comply with section 1473 of the Dodd-Frank Act.

Section 1473 of the Dodd-Frank Act requires each state with an appraiser certifying and licensing agency to: (1) collect annual registry fees from appraisers and appraisal management companies; and (2) remit these annual registry fees to the Federal Financial Institutions Examination Council or the Appraisal Subcommittee on an annual basis. (12 U.S.C. § 3338(a)(4)) **Sections 14, 15, 18, 21 and 26** of this bill incorporate this requirement for the State to collect and remit the annual registry fee.

Section 1473 of the Dodd-Frank Act authorizes a state-licensed appraiser to perform a 1-to-4 unit, single family residential appraisal unless the size and complexity requires a state-certified appraiser. The size and complexity requires a state-certified appraiser when the appraisal is an appraisal for which the property to be appraised, the form of ownership, the property characteristics or the market conditions are atypical. (12 U.S.C. § 3342(2)) **Section 15** of this bill adds language to clarify the type of appraisals a licensed appraiser in Nevada may perform.

Appraisal management companies must require that appraisals are conducted independently and free from inappropriate influence and coercion pursuant to the appraisal independence standards established under 15 U.S.C. § 1639e. (12 U.S.C. § 3353(a)(4)) **Sections 20 and 22** of this bill comply with federal law by requiring appraisal independence through compliance with the appraisal independence requirements in 15 U.S.C. § 1639e.

Section 1473 of the Dodd-Frank Act provides that an appraisal management company that is a subsidiary owned and controlled by a financial institution regulated by a federal financial institution regulatory agency shall not be required to register with a state. (12 U.S.C. § 3353(c)) **Section 21** complies with federal law by providing that such appraisal management companies do not have to register with this State.

Section 1473 of the Dodd-Frank Act requires appraisal management companies to verify that only licensed or certified appraisers are used for federally related transactions. (12 U.S.C. § 3353(a)(2)) Federal regulations adopted pursuant to section 1473 of the Dodd-Frank Act require a state certifying and licensing agency that is registering an appraisal management company to verify that the appraisers on the appraisal management company's appraiser panel hold valid state certifications or licenses. (12 C.F.R. §§ 34.213(a)(4), 225.193(a)(4), 323.11(a)(4), 1026.42(h), 1222.23(a)(4)) **Section 22** incorporates these requirements.

Federal regulations adopted pursuant to section 1473 of the Dodd-Frank Act require a state certifying and licensing agency that is registering an appraisal management company to review and approve or deny an appraisal management company's application for the initial registration and the renewal registration. (12 C.F.R. §§ 34.213(a)(1)&(2), 225.193(a)(1)&(2), 323.11(a)(1)&(2), 1026.42(h), 1222.23(a)(1)&(2)) **Sections 22 and 24** incorporate this requirement by requiring the Division to deny such applications in certain situations. **Section 22** additionally provides a procedure for an applicant who is denied registration to reapply for such registration in certain situations.

Section 1473 of the Dodd-Frank Act provides that an appraisal management company shall not be registered by a state if such company is owned by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation or revoked in any state. (12 U.S.C. § 3353(d); 12 C.F.R. §§ 34.214, 225.194, 323.12, 1026.42(h), 1222.24) **Section 27** of this bill



incorporates this federal requirement by requiring the Commission of Appraisers of Real Estate to revoke the registration of an appraisal management company if the appraiser license or certificate of one of its owners is refused, denied, cancelled, surrendered or revoked in any state.

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

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

Section 1. Chapter 645C of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 11, inclusive, of this act.

Sec. 2. *“Appraisal Subcommittee” means the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.*

Sec. 3. *“Federal financial institutions regulatory agency” means the:*

- 1. Board of Governors of the Federal Reserve System;*
- 2. Federal Deposit Insurance Corporation;*
- 3. Office of the Comptroller of the Currency;*
- 4. National Credit Union Administration;*
- 5. Federal Housing Finance Agency; or*
- 6. Consumer Financial Protection Bureau.*

Sec. 4. *“Federally related transaction” means any financial transaction related to real estate which:*

- 1. A federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for or regulates; and*
- 2. Requires the services of an appraiser.*

Sec. 5. *The Division shall report to the national registry of the Appraisal Subcommittee, pursuant to 12 U.S.C. § 3338, any:*

- 1. Sanction, final disciplinary action or revocation, suspension or denial to renew a certificate, license or registration card taken by the Commission against an appraiser or intern; and*
- 2. Violation by an appraiser or intern of this chapter or any regulations adopted pursuant thereto.*

Sec. 6. *1. If an application for renewal of a registration as an appraisal management company is denied pursuant to NRS 645C.665, the Division shall notify the registrant within 15 days after its decision.*

2. If the registrant, within 30 days after receipt of the notice denying the application for renewal, files a written request containing allegations which, if true, qualify the registrant for



renewal of a registration, the President of the Commission shall set the matter for a hearing to be conducted within 90 days after receipt of the registrant's request.

3. The hearing must be held at a time and place prescribed by the Commission. At least 15 days before the date set for the hearing, the Division shall serve the registrant with written notice of the hearing and include with the notice an exact copy of any protests filed, together with copies of all communications, reports, affidavits or depositions in possession of the Division relevant to the matter in question. The notice may be served by personal delivery to the registrant, or by certified mail to the registrant's last known business or residential address.

4. The hearing may be held by the Commission or a majority thereof, and a hearing must be held if the registrant so desires. A record of the proceedings, or any part thereof, must be made available to each party upon the payment to the Division of the reasonable cost of transcription.

5. The Commission shall render a decision on the matter within 60 days after the final hearing and notify the parties to the proceedings, in writing, of its ruling, order or decision within 15 days after it is made.

Sec. 7. *1. The procedure set forth in this section and sections 8 and 9 of this act must be followed before the Commission revokes or suspends a registration as an appraisal management company.*

2. Upon the initiation of a complaint by the Administrator, the Administrator shall set the matter for a hearing and schedule a date for the hearing before the Commission. The registrant is entitled to appear at the hearing in person and to be represented by counsel.

3. The Commission shall hold the hearing within 90 days after the filing of a complaint by the Administrator. The hearing may be continued by the Commission upon its own motion, or at the discretion of the Commission upon the written request of the Division or registrant, for good cause shown.

4. The Division shall give written notice of the date, time and place of the hearing, together with a copy of the complaint and copies of all communications, reports, affidavits or depositions in the possession of the Division relevant to the complaint, to the registrant not less than 30 days before the hearing. The Division may present evidence which the Division obtains after the notice was given only if the Division shows that the evidence was not available upon diligent investigation before the notice was given



and that the evidence was given or communicated to the registrant immediately after the evidence was obtained.

5. Notice pursuant to this section is deemed to be given upon personal delivery to the registrant, or upon mailing by certified mail to the registrant's last known address.

Sec. 8. *1. The registrant must file an answer to the charges with the Commission not later than 30 days after service of the notice and other documents described in section 7 of this act. The answer must contain an admission or denial of the allegations contained in the complaint and any defense upon which the registrant will rely. If no answer is filed within the period described in this subsection, the Division may, after notice to the registrant is given in the manner provided in subsection 5 of section 7 of this act, move the Commission for the entry of a default against the registrant.*

2. The answer may be served by delivery to the Commission, or by mailing the answer by certified mail to the principal office of the Division.

3. No proceeding to suspend or revoke a registration as an appraisal management company may be maintained unless it is commenced by giving notice to the registrant within 5 years after the commission or omission of the alleged grounds to suspend or revoke the registration as an appraisal management company, except that:

(a) If the charges are based upon a misrepresentation or failure to disclose, the period does not commence until the discovery of facts which do or should lead to the discovery of the misrepresentation or failure to disclose; and

(b) The period is suspended during the pendency of any action or proceeding, to which the Division, registrant or one of the affiliated appraisers of the registrant is a party, which involves the conduct of the registrant or the affiliated appraiser in a transaction to which the alleged grounds to suspend or revoke the registration are related.

Sec. 9. *The Commission shall render a decision within 15 days after a hearing and serve the registrant with a written notice of the decision within 60 days after the hearing. If the decision is adverse to the registrant, the notice must include the date upon which the decision becomes effective, which must not be less than 30 days after the date of the notice.*

Sec. 10. *The expiration, revocation or suspension of a registration as an appraisal management company by operation of law or by order or decision of the Commission or a court of*



competent jurisdiction, or the voluntary surrender of a registration by an appraisal management company, does not:

1. Prohibit the Commission or Division from initiating or continuing an investigation of, or an action or disciplinary proceeding against, the appraisal management company, or any affiliated appraiser of the appraisal management company, as authorized pursuant to the provisions of this chapter or the regulations adopted pursuant thereto; or

2. Prevent the imposition or collection of any fine or penalty authorized pursuant to the provisions of this chapter or the regulations adopted pursuant thereto against the appraisal management company.

Sec. 11. *The Division shall report to the national registry of the Appraisal Subcommittee, pursuant to 12 U.S.C. § 3338, any:*

1. Supervisory activity, investigation, final disciplinary action or revocation, suspension or denial to renew of a registration taken by the Commission against an appraisal management company; and

2. Violation by an appraisal management company of this chapter or any regulations adopted pursuant thereto.

Sec. 12. NRS 645C.010 is hereby amended to read as follows:

645C.010 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 645C.020 to 645C.130, inclusive, *and sections 2, 3 and 4 of this act* have the meanings ascribed to them in those sections.

Sec. 13. NRS 645C.034 is hereby amended to read as follows:

645C.034 1. "Appraisal management company" means a person, limited-liability company, partnership, association or corporation which, for compensation:

(a) Functions as a third-party intermediary between an appraiser *valuing properties which secure mortgage loans or mortgages incorporated into a securitization* and ~~it~~ :

(1) A creditor of a consumer credit transaction secured by the principal dwelling of a consumer or other principal in secondary mortgage markets; or

(2) Any other user of real estate appraisal services;

(b) ~~Administers~~ *Recruits, selects, retains and administers* a network *or panel* of appraisers *in this State or in the United States*, performing real estate appraisal services as independent contractors;

(c) Enters into an agreement to provide real estate appraisal services with a user of such services and one or more appraisers performing such services as independent contractors; ~~for~~



(d) *Manages the process of having an appraisal performed, including, without limitation, providing administrative duties such as:*

- (1) Receiving appraisal orders and appraisal reports;*
- (2) Submitting completed appraisal reports to creditors and underwriters;*
- (3) Collecting fees from creditors and underwriters for services provided; and*
- (4) Reimbursing appraisers for services performed;*
- (e) Reviews and verifies the work of appraisers;*
- (f) Contracts with certified appraisers and licensed appraisers to perform appraisal assignments; or*
- (g) Otherwise serves as a third-party broker of appraisal services.*

2. The term does not include:

- (a) An appraisal firm;
- (b) Any person licensed to practice law in this State who orders an appraisal in connection with a bona fide client relationship when that person directly contracts with an independent appraiser;
- (c) Any person or entity that contracts with an independent appraiser acting as an independent contractor for the completion of appraisal assignments that the person or entity cannot complete for any reason, including, without limitation, competency, workload, scheduling or geographic location; and
- (d) Any person or entity that contracts with an independent appraiser acting as an independent contractor for the completion of a real estate appraisal assignment and, upon the completion of such an assignment, cosigns the appraisal report with the independent appraiser acting as an independent contractor.

Sec. 14. NRS 645C.240 is hereby amended to read as follows:
645C.240 1. Except as otherwise provided in subsections 2 and 3, all fees, penalties and other charges received by the Division pursuant to this chapter must be deposited with the State Treasurer for credit to the State General Fund.

2. Fees received by the Division:

- (a) From the sale of publications must be retained by the Division to pay the costs of printing and distributing publications.
- (b) For examinations must be retained by the Division to pay the costs of the administration of examinations.

➡ Any surplus of the fees retained by the Division for the administration of examinations must be deposited with the State Treasurer for credit to the State General Fund.



3. The portion of the fees collected by the Division pursuant to NRS 645C.450 **and 645C.680** for the issuance or renewal of a certificate or license as a residential appraiser , ~~for~~ the issuance or renewal of a certificate as a general appraiser **or the issuance or renewal of a registration as an appraisal management company** which is used for payment of the **annual** registry fee to the Federal Financial Institutions Examination Council **or the Appraisal Subcommittee** pursuant to 12 U.S.C. § 3338, must be retained by the Division for payment to the Federal Financial Institutions Examination Council ~~H~~ **or the Appraisal Subcommittee on an annual basis.**

4. Money for the support of the Division in carrying out the provisions of this chapter must be provided by direct legislative appropriation and be paid out on claims as other claims against the State are paid.

Sec. 15. NRS 645C.280 is hereby amended to read as follows:
645C.280 1. An appraiser may obtain from the Division:

(a) A license as a residential appraiser, which authorizes him or her to perform an appraisal of real estate suitable for or consisting of no more than four residential units in any one transaction, if:

(1) The total value does not exceed \$1,000,000 and the complexity of the transaction does not, under the regulations of a federal agency or the ~~standards adopted~~ **classifications and qualifications established** by the ~~Appraisal Subcommittee of the Federal Financial Institutions Examination Council,~~ **Appraiser Qualifications Board of the Appraisal Foundation,** require a certified appraiser; or

(2) The property is not a complex property;

(b) A certificate as a residential appraiser, which authorizes him or her to perform an appraisal of real estate suitable for or consisting of no more than four residential units in any one transaction, without regard to value or complexity; or

(c) A certificate as a general appraiser, which authorizes him or her to perform any appraisal.

2. A person certified or licensed as a residential appraiser may, under the direct supervision of a person certified as a general appraiser, assist in the preparation and communication of an appraisal that is outside the scope of the certificate or license.

3. **Only a person certified or licensed as an appraiser from whom the Division has collected the annual registry fee to be paid to the Federal Financial Institutions Examination Council pursuant to 12 U.S.C. § 3338 and who is in active status on the**



National Registry of Appraisers is eligible to perform federally related transactions.

4. The Commission may establish, by regulation, additional classifications of licensure or certification, and the qualifications therefor, if necessary to comply with classifications and qualifications established by the ~~{Appraisal Subcommittee of the Federal Financial Institutions Examination Council.}~~ ***Appraiser Qualifications Board of the Appraisal Foundation.***

Sec. 16. NRS 645C.320 is hereby amended to read as follows:

645C.320 1. The Administrator shall issue a certificate or license, as appropriate, to any person:

- (a) Of good moral character, honesty and integrity;
- (b) Who meets the educational requirements and has the experience prescribed in NRS 645C.330 or any regulation adopted pursuant to that section;
- (c) Who, except as otherwise provided in NRS 645C.360, has satisfactorily passed a written examination approved by the Commission; and
- (d) Who submits all information required to complete an application for a certificate or license.

2. The Administrator may deny an application for a certificate or license to any person who:

- (a) Has been convicted of, or entered a plea of guilty, guilty but mentally ill or nolo contendere to, forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, conspiracy to defraud or any crime involving moral turpitude;
- (b) Makes a false statement of a material fact on his or her application; or

(c) Has ***ever*** had a certificate, license or registration card suspended or revoked pursuant to this chapter, or a certificate, license or permit to act as an appraiser suspended or revoked in any other jurisdiction. ~~{, within the 10 years immediately preceding the date of application.}~~

Sec. 17. NRS 645C.350 is hereby amended to read as follows:

645C.350 1. The Division shall cause examinations to be conducted not less than once every 6 months.

2. An applicant may ***not*** take the written examination before completing the requirements for experience ~~{, but a certificate or license must not be issued until all the requirements are met.}~~ ***and education.***

3. The Division shall notify each applicant in writing whether the applicant passed or failed the examination, or has alternatively



satisfied the requirements for a certificate, license or permit pursuant to NRS 645C.360, as determined by the Commission.

Sec. 18. NRS 645C.450 is hereby amended to read as follows:
645C.450 1. The following fees may be charged and collected by the Division:

Application for a certificate, license or registration card.....	\$100
Issuance or renewal of a certificate or license as a residential appraiser	320
Issuance or renewal of a certificate as a general appraiser	420
Issuance of a permit.....	115
Issuance or renewal of a registration card	190
Issuance of a duplicate certificate or license for an additional office	50
Change in the name or location of a business	20
Reinstatement of an inactive certificate or license.....	30
Annual approval of a course of instruction offered in preparation for an initial certificate or license	100
Original approval of a course of instruction offered for continuing education	100
Renewal of approval of a course of instruction offered for continuing education	50

2. The Division shall adopt regulations which establish the fees to be charged and collected by the Division to pay the costs of:

(a) Any examination for a certificate or license, including any costs which are necessary for the administration of such an examination.

(b) Any investigation of a person's background.

3. *The Division shall collect and remit the annual registry fee to the Federal Financial Institutions Examination Council or to the Appraisal Subcommittee, as appropriate, pursuant to 12 U.S.C. § 3338 and the rules or regulations issued thereunder.*

Sec. 19. NRS 645C.530 is hereby amended to read as follows:
645C.530 1. Any member of the Commission ***or investigatory staff of the Division*** may administer oaths and issue subpoenas to compel the attendance of witnesses and the production of books and papers.



2. If any witness refuses to attend, testify or produce any books and papers as required by the subpoena, ~~the Administrator or~~ the President of the Commission **or the Administrator** may report to the district court by petition, setting forth that:

(a) Due notice has been given of the time and place of attendance of the witness or the production of the books and papers;

(b) The witness has been subpoenaed by the Commission **or Division** pursuant to this section; and

(c) The witness has failed or refused to attend or produce the books and papers required by the subpoena before the Commission **H or Division**, or has refused to answer questions propounded to him or her,

➤ and asking for an order of the court compelling the witness to attend and testify or produce the books and papers before the Commission **H or Division**.

3. Upon such a petition, the court shall enter an order directing the witness to appear before the court at a time and place to be fixed by the court in its order, the time to be not more than 10 days after the date of the order, and then and there show cause why the witness has not attended, testified or produced the books or papers before the Commission **H or Division**. A certified copy of the order must be served upon the witness.

4. If it appears to the court that the subpoena was regularly issued by the Commission **H or Division**, the court shall enter an order that the witness appear before the Commission **H or Division**, at the time and place fixed in the order, and testify or produce the required books and papers. Upon failure to obey the order the witness must be dealt with as for contempt of court.

Sec. 20. NRS 645C.557 is hereby amended to read as follows:

645C.557 1. A person with an interest in a real estate transaction involving an appraisal shall not improperly influence or attempt to improperly influence, through coercion, extortion or bribery, the development, reporting, result or review of the appraisal.

2. ***An appraiser shall conduct all appraisals independently, as required by the appraisal independence requirements pursuant to 15 U.S.C. § 1639e and the rules or regulations issued thereunder.***

3. Subsection 1 does not prohibit a person with an interest in a real estate transaction from requesting that an appraiser:

(a) Consider additional appropriate property information;

(b) Provide further detail, substantiation or explanation for the appraiser's conclusion as to value; or

(c) Correct errors in an appraisal.



Sec. 21. NRS 645C.600 is hereby amended to read as follows:
645C.600 The provisions of NRS 645C.600 to 645C.740, inclusive, *and sections 6 to 11, inclusive, of this act* do not apply to:

1. A person, limited-liability company, partnership, association or corporation other than an appraisal management company which, in the normal course of its business, employs persons for the performance of real estate appraisal services; or

2. An appraisal management company that ~~enters into not more than nine contracts annually with independent contractors in this State.~~ *is a subsidiary owned and controlled by an insured depository institution or an insured credit union and is regulated by a federal financial institutions regulatory agency. Such an appraisal management company is not required to register with the State but must pay an annual registry fee to the Division in an amount determined by the Appraisal Subcommittee in accordance with federal law.*

Sec. 22. NRS 645C.650 is hereby amended to read as follows:

645C.650 1. A person ~~who~~ *or entity that* wishes to be registered as an appraisal management company in this State must file a written application with the Division upon a form prepared and furnished by the Division and pay ~~the fee~~ *all fees* required pursuant to NRS 645C.680. An application must:

(a) State the name, residence address and business address of the applicant and the location of each principal office and branch office at which the appraisal management company will conduct business within this State;

(b) State the name under which the applicant will conduct business as an appraisal management company;

(c) List the name, residence address and business address of each person who will, if the applicant is not a natural person, have ~~an~~ *at least a 10-percent ownership* interest in the appraisal management company as a principal, partner, officer, director or trustee, specifying the capacity and title of each such person; ~~and~~

(d) Include a complete set of the fingerprints of the applicant or, if the applicant is not a natural person, a complete set of the fingerprints of each person who will have ~~an~~ *at least a 10-percent ownership* interest in the appraisal management company as a principal, partner, officer, director or trustee, and written permission authorizing the Division to forward the fingerprints to the Central Repository for Nevada Records of Criminal History for submission to the Federal Bureau of Investigation for its report ~~H~~ *; and*

(e) Identify the number of certified or licensed appraisers in Nevada in the network or panel currently maintained by the



appraisal management company and, if applicable, the total number of certified or licensed appraisers nationwide in the network or panel currently maintained by the appraisal management company.

2. Except as otherwise provided in NRS 645C.600 to 645C.740, inclusive, *and sections 6 to 11, inclusive, of this act*, the Division shall issue a registration to an applicant as an appraisal management company if:

(a) The application is verified by the Division and complies with the requirements of NRS 645C.600 to 645C.740, inclusive ~~§~~, *and sections 6 to 11, inclusive, of this act;*

(b) The applicant, *each owner* and each general partner, officer or director of the applicant, if the applicant is a partnership, corporation or unincorporated association:

(1) Submits satisfactory proof to the Division that he or she has a good reputation for honesty, trustworthiness and integrity and displays competence to transact the business of an appraisal management company in a manner which safeguards the interests of the general public ; ~~§~~

(2) Has not been convicted of, or entered a plea of nolo contendere to, a felony relating to the practice of appraisal or any crime involving fraud, misrepresentation or moral turpitude ; ~~§~~

(3) Has not made a false statement of material fact on his or her application ; ~~§~~

(4) Has ~~not~~ *never* had a license that was issued pursuant to the provisions of this chapter suspended, revoked or voluntarily surrendered in lieu of suspension or revocation ~~[- within the 10 years immediately preceding the date of application.]~~ *which has not been subsequently reinstated;*

(5) Has ~~not~~ *never* had a professional license that was issued in *this State or* any other state, district or territory of the United States or any foreign country suspended or revoked ~~[- within the 10 years immediately preceding the date of application.]~~ *which has not been subsequently reinstated; and*

(6) Has not violated any provision of this chapter, a regulation adopted pursuant thereto or an order of the Commission or the Administrator ; ~~§~~

(c) The applicant certifies that he or she:

(1) Has a process in place to verify that each independent contractor that provides services to the appraisal management company is the holder of a license in good standing to practice appraisal in this State ; ~~§~~



(2) Has a process in place to review the work of each independent contractor that provides services to the appraisal management company to ensure that those services are conducted in accordance with the Uniform Standards of Professional Appraisal Practice ; ~~H~~

(3) Will maintain a detailed record of each request for service it receives and the independent contractor who fulfilled that request ~~H~~;

(4) Has a system in place to ensure that all appraisals are conducted independently, as required by the appraisal independence requirements pursuant to 15 U.S.C. § 1639e and any rules or regulations issued thereunder; and

(5) Has a system in place to ensure that the appraisal management company is selecting a certified or licensed appraiser who has the requisite education, expertise and experience necessary to competently complete the appraisal assignment for the particular market and property type; and

(d) The applicant discloses whether or not the company uses an appraiser fee schedule. For the purposes of this paragraph, “appraiser fee schedule” means a list of the various real estate appraisal services requested by the appraisal management company from independent contractors and the amount the company will pay for the performance of each service listed.

3. The Division shall deny an application for registration of an appraisal management company, if in the course of its investigation, the Division determines that the application fails to comply with or meet the standards specified in this chapter or any regulations adopted pursuant thereto. If an application for registration is denied, the Division shall notify the applicant within 15 days after its decision.

4. An applicant who is denied registration pursuant to subsection 3 may reapply to the Division within 30 days after receipt of the notice denying the application for registration. The reapplication must demonstrate through a written statement, containing any necessary supporting evidence, that an error was made in the original application and that the applicant does otherwise qualify for registration. Denial of a reapplication for registration is not appealable.

5. If an applicant fails to reapply within 30 days after receipt of the notice denying the application for registration, the applicant may not reapply for registration for 1 year.

6. Failure to reapply within 30 days after receipt of the notice denying the application for registration is not appealable.



Sec. 23. NRS 645C.660 is hereby amended to read as follows:

645C.660 1. An applicant for registration under NRS 645C.600 to 645C.740, inclusive, *and sections 6 to 11, inclusive, of this act* shall file with the Division, in a form prescribed by regulation, an irrevocable consent appointing the Administrator his or her agent for service of process in a noncriminal proceeding against the applicant, a successor or personal representative which arises under NRS 645C.600 to 645C.740, inclusive, *and sections 6 to 11, inclusive, of this act* or a regulation or order of the Commission after the consent is filed, with the same force and validity as if served personally on the person filing the consent.

2. A person who has filed a consent complying with subsection 1 in connection with a previous application for registration need not file an additional consent.

3. If a person, including a nonresident of this State, engages in conduct prohibited or made actionable by NRS 645C.600 to 645C.740, inclusive, *and sections 6 to 11, inclusive, of this act* or a regulation or order of the Commission and the person has not filed a consent to service of process under subsection 1, engaging in the conduct constitutes the appointment of the Administrator as the person's agent for service of process in a noncriminal proceeding against the person, a successor or personal representative which grows out of the conduct.

4. Service under subsection 1 or 3 may be made by leaving a copy of the process in the Office of the Administrator, but it is not effective unless:

(a) The plaintiff, who may be the Administrator, sends notice of the service and a copy of the process by registered or certified mail, return receipt requested, to the defendant or respondent at the address set forth in the consent to service of process or, if no consent to service of process has been filed, at the last known address, or takes other steps which are reasonably calculated to give actual notice; and

(b) The plaintiff files an affidavit of compliance with this subsection in the proceeding on or before the return day of the process, if any, or within such further time as the court, or the Administrator in a proceeding before the Administrator, allows.

5. Service as provided in subsection 4 may be used in a proceeding before the Administrator or by the Administrator in a proceeding in which the Administrator is the moving party.

6. If the process is served under subsection 4, the court, or the Administrator in a proceeding before the Administrator, may order



continuances as may be necessary to afford the defendant or respondent reasonable opportunity to defend.

Sec. 24. NRS 645C.665 is hereby amended to read as follows:

645C.665 **1.** A registration issued pursuant to NRS 645C.600 to 645C.740, inclusive, *and sections 6 to 11, inclusive, of this act* expires each year on the date of its issuance, unless it is renewed. To renew such a registration, the registrant must submit to the Division on or before the expiration date:

~~1.1~~ (a) An application for renewal ~~;~~
~~—2.1~~ , *which may include an update of all the information required by NRS 645C.650, 645C.655 and 645C.660;*

(b) The fee required to renew the registration pursuant to NRS 645C.680; and

~~1.3~~ (c) All information required to complete the renewal.

2. *The Division shall deny an application for renewal of a registration as an appraisal management company if in the course of its investigation the Division determines that the application fails to comply with or meet the standards specified in this chapter or any regulations adopted pursuant thereto.*

Sec. 25. NRS 645C.675 is hereby amended to read as follows:

645C.675 **1.** If an appraisal management company terminates its association with an independent contractor for any reason, the appraisal management company shall, not later than the third business day following the date of termination, deliver to the independent contractor or send by certified mail to the last known residence address of the independent contractor a written statement which advises the independent contractor of the termination.

2. An independent contractor who is aggrieved by a termination may lodge a complaint with the Commission. The Commission may consider whether the appraisal management company violated the provisions of NRS 645C.600 to 645C.740, inclusive, *and sections 6 to 11, inclusive, of this act* and may revoke, suspend or deny renewal of a registration in the manner set forth in NRS 645C.500 to 645C.550, inclusive ~~1.1~~ , *and section 5 of this act.*

Sec. 26. NRS 645C.680 is hereby amended to read as follows:

645C.680 ~~{A person must pay the following fee to be issued or to renew a registration as an appraisal management company pursuant to NRS 645C.600 to 645C.740, inclusive:}~~

1. ~~{To be issued a registration, the applicant must pay a fee set by the}~~ *The Division , with advice from the Commission, shall establish* by regulation ~~{of not more than \$2,500 for the principal office and not more than \$100 for each branch office. The person~~



~~must also pay such additional expenses incurred in the process of investigation as the Division deems necessary.] fees for appraisal management companies, including, without limitation, fees for:~~

- ~~(a) Application for registration;~~
- ~~(b) Registration;~~
- ~~(c) Renewal of registration;~~
- ~~(d) Late renewal of registration;~~
- ~~(e) Investigation of applicants; and~~
- ~~(f) Inactive status.~~

2. ~~[To renew a registration, the applicant must pay a fee set by the]~~ **Except as otherwise provided in this subsection, the** Division ~~[by regulation of not more than \$500 for the principal office and not more than \$100 for each branch office.]~~ **shall collect and remit the annual registry fee to the Federal Financial Institutions Examination Council or to the Appraisal Subcommittee, as appropriate, pursuant to 12 U.S.C. § 3338 and the rules or regulations issued thereunder. The fee required by this subsection must be collected from an appraisal management company only if, during the applicable year, the appraisal management company oversees a network or panel of more than 15 certified or licensed appraisers in this State or 25 or more certified or licensed appraisers nationally.**

Sec. 27. NRS 645C.710 is hereby amended to read as follows:

645C.710 1. For each violation committed by an applicant for a registration issued pursuant to NRS 645C.600 to 645C.740, inclusive, **and sections 6 to 11, inclusive, of this act**, whether or not the applicant is issued a registration, the Commission may impose upon the applicant an administrative fine of not more than \$10,000 if the applicant:

(a) Has knowingly made or caused to be made to the Commission any false representation of material fact;

(b) Has suppressed or withheld from the Commission any information which the applicant possesses and which, if submitted by the applicant, would have rendered the applicant ineligible to be registered pursuant to the provisions of NRS 645C.600 to 645C.740, inclusive ~~[.]~~, **or sections 6 to 11, inclusive, of this act;** or

(c) Has violated any provision of NRS 645C.600 to 645C.740, inclusive, **and sections 6 to 11, inclusive, of this act**, a regulation adopted pursuant to NRS 645C.600 to 645C.740, inclusive, **and sections 6 to 11, inclusive, of this act** or an order of the Commission in completing and filing the application for a registration or during the course of the investigation of the application for a registration.



2. For each violation committed by an appraisal management company, the Commission may impose upon the appraisal management company an administrative fine of not more than \$10,000, may suspend, revoke or place conditions on the registration or may do both, if the appraisal management company, whether or not acting as such:

(a) Is grossly negligent or incompetent in performing any act for which the appraisal management company is required to be registered pursuant to NRS 645C.600 to 645C.740, inclusive ~~H~~ , *and sections 6 to 11, inclusive, of this act;*

(b) Does not conduct its business in accordance with the law or has violated any provision of this chapter, a regulation adopted pursuant thereto or an order of the Commission;

(c) Has made a material misrepresentation in connection with any transaction governed by this chapter;

(d) Has suppressed or withheld from a client any material facts, data or other information relating to any transaction governed by the provisions of this chapter which the appraisal management company knew or, by the exercise of reasonable diligence, should have known;

(e) Has knowingly made or caused to be made to the Commission any false representation of material fact or has suppressed or withheld from the Commission any information which the appraisal management company possesses and which, if submitted by the appraisal management company, would have rendered the appraisal management company ineligible to be registered pursuant to the provisions of NRS 645C.600 to 645C.740, inclusive ~~H~~ , *and sections 6 to 11, inclusive, of this act;*

(f) Has been convicted of, or entered a plea of nolo contendere to, a felony relating to the practice of appraisal or any crime involving fraud, misrepresentation or moral turpitude; or

(g) Has engaged in any other conduct constituting a deceitful, fraudulent or dishonest business practice.

3. The Commission shall revoke the registration of an appraisal management company if the appraiser license or certificate of one of its owners is refused, denied, cancelled, surrendered or revoked in any state.

Sec. 28. NRS 645C.720 is hereby amended to read as follows:

645C.720 Except as otherwise provided in NRS 645C.600, it is unlawful for any person, limited-liability company, partnership, association or corporation to engage in the business of, act in the capacity of, advertise or assume to act as an appraisal management company without first obtaining a registration from the Division



pursuant to NRS 645C.600 to 645C.740, inclusive ~~H~~, *and sections 6 to 11, inclusive, of this act.*

Sec. 29. This act becomes effective:

1. Upon passage and approval for the purposes of adopting any regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act; and
2. On July 1, 2019, for all other purposes.

