

SENATE BILL NO. 330—SENATOR SCHNEIDER

MARCH 21, 2011

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Makes various changes to provisions governing real estate. (BDR 54-532)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.  
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 real estate; prohibiting an appraiser from preparing an appraisal under certain circumstances; authorizing the Commission of Appraisers of Real Estate and the Real Estate Administrator to adopt regulations relating to certain appraisals; allowing a person to request certain information relating to appraisals; prohibiting certain appraisals from including the value of certain property that is or was the subject of a foreclosure or short sale within a relevant period; prohibiting a lender from accelerating the payment of the balance of a home loan under certain circumstances; providing criminal and civil penalties; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 **Section 2** of this bill establishes a process for the referral of real estate  
2 appraisers from a list maintained by the Real Estate Administrator. **Section 2** also  
3 prohibits an appraiser from preparing an appraisal unless the appraiser was selected  
4 from the list. Finally, **section 2** authorizes the Administrator and the Commission  
5 of Appraisers of Real Estate to adopt regulations for the administration of this  
6 process.  
7 **Section 3** of this bill requires the Real Estate Division of the Department of  
8 Business and Industry to maintain a record of: (1) the parcels of real estate for  
9 which a referral of an appraiser was given; and (2) the appraiser who performed the  
10 appraisal. A person may request from the Division a list of appraisers who have  
11 performed appraisals on a specific parcel of property. **Section 3** also requires



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12 appraisers who have performed such appraisals to produce a copy of such  
13 appraisals upon request.

14 **Section 4** of this bill prohibits an appraiser from including a short sale or a  
15 foreclosure sale as a comparable sale in an appraisal.

16 **Section 5** of this bill makes it an unfair lending practice, subject to certain  
17 criminal and civil penalties, for a lender to accelerate the payment of a home loan  
18 under certain circumstances.

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

1 **Section 1.** Chapter 645C of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2, 3 and 4 of this act.

3 **Sec. 2. 1.** *Except as otherwise provided in this subsection,*  
4 *an appraiser shall not prepare an appraisal for a person unless the*  
5 *appraiser was selected by the Administrator from the list of*  
6 *qualified appraisers designated by the Administrator, according to*  
7 *the license or type of license or certificate of the appraisers and*  
8 *the order in which their names appear on the list. If the appraiser*  
9 *selected by the Administrator from the list is currently an*  
10 *employee of the person requesting the appraisal, the Administrator*  
11 *must select the appraiser who is next on the list and who is not*  
12 *currently an employee of the person.*

13 2. A person who requests the referral of an appraiser  
14 pursuant to subsection 1 must:

15 (a) Identify the parcel of real estate for which the appraisal is  
16 to be performed; and

17 (b) Identify himself or herself and disclose his or her  
18 relationship to the owner of the real estate.

19 3. The Administrator shall not select an appraiser to perform  
20 an appraisal on a parcel of real estate for a person if that person  
21 has requested the referral of an appraiser to perform an appraisal  
22 on that parcel of real estate within the effective period of  
23 appraisals as specified by the Commission by regulation.

24 4. An appraiser shall not associate with or supervise an  
25 intern in the preparation of an appraisal unless the appraiser was  
26 selected to prepare the appraisal pursuant to subsection 1.

27 5. An intern shall not assist in the preparation, whether  
28 directly or indirectly, of an appraisal unless the intern assists in  
29 the preparation of the appraisal in association with and supervised  
30 by an appraiser who was selected to prepare the appraisal  
31 pursuant to subsection 1.

32 6. The Commission or the Administrator, with the approval of  
33 the Commission, may from time to time adopt reasonable  
34 regulations for the administration of this section and section 3 of



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1 *this act, including, without limitation, regulations specifying the*  
2 *effective period of appraisals. When regulations are proposed by*  
3 *the Administrator, in addition to other notices required by law, the*  
4 *Administrator shall provide copies of the proposed regulations to*  
5 *the Commission not later than 30 days before the next*  
6 *Commission meeting. The Commission shall approve, amend or*  
7 *disapprove any proposed regulations at that meeting.*

8 **Sec. 3.** *1. The Division shall maintain a record of the*  
9 *parcels of real estate for which a referral for an appraiser has*  
10 *been requested pursuant to section 2 of this act and the appraisers*  
11 *who performed the appraisal on such parcels of real estate.*

12 *2. A person may request from the Division a list of all*  
13 *appraisers who have performed an appraisal on a specific parcel*  
14 *of real estate pursuant to section 2 of this act.*

15 *3. Within 10 days after receipt of a written request by a*  
16 *person for a copy of a report of an appraisal, the appraiser who*  
17 *performed an appraisal on a specific parcel of real estate pursuant*  
18 *to section 2 of this act shall provide a copy of the report for each*  
19 *appraisal that was performed on the parcel. The appraiser who*  
20 *provides the copy may charge a fee to cover the actual costs of*  
21 *preparing a copy, but not to exceed 25 cents per page.*

22 **Sec. 4.** *Except as otherwise required by federal law or*  
23 *regulation, an appraiser shall not include as a comparable sale in*  
24 *an appraisal:*

25 *1. A short sale; or*

26 *2. A sale of property which was the subject of a foreclosure*  
27 *sale, as that term is defined in subsection 4 of NRS 40.462.*

28 **Sec. 5.** NRS 598D.100 is hereby amended to read as follows:

29 598D.100 1. It is an unfair lending practice for a lender to:

30 (a) Require a borrower, as a condition of obtaining or  
31 maintaining a home loan secured by home property, to provide  
32 property insurance on improvements to home property in an amount  
33 that exceeds the reasonable replacement value of the improvements.

34 (b) Knowingly or intentionally make a home loan, other than a  
35 reverse mortgage, to a borrower, including, without limitation, a  
36 low-document home loan, no-document home loan or stated-  
37 document home loan, without determining, using any commercially  
38 reasonable means or mechanism, that the borrower has the ability to  
39 repay the home loan.

40 (c) Finance a prepayment fee or penalty in connection with the  
41 refinancing by the original borrower of a home loan owned by the  
42 lender or an affiliate of the lender.

43 (d) Finance, directly or indirectly in connection with a home  
44 loan, any credit insurance.



1       (e) *Except as otherwise authorized or required by federal law*  
2 *or regulation, accelerate the payment of the balance of a home*  
3 *loan of a borrower who is not in default or at risk of default solely*  
4 *because the value of the home property which serves as security*  
5 *for repayment of the home loan is less than the amount of the*  
6 *balance of the home loan.*

7       2. As used in this section:

8       (a) "Credit insurance" has the meaning ascribed to it in  
9 NRS 690A.015.

10       (b) "Low-document home loan" means a home loan:

11           (1) Whose terms allow a borrower to establish his or her  
12 ability to repay the home loan by providing only limited verification  
13 of his or her income and other assets; or

14           (2) Which is evidenced only by a deed transferring some or  
15 all of the interest of the borrower in the home property to the  
16 creditor.

17       (c) "No-document home loan" means a home loan whose terms  
18 allow a borrower to establish his or her ability to repay the home  
19 loan without providing any verification of his or her income and  
20 other assets.

21       (d) "Prepayment fee or penalty" means any fee or penalty  
22 imposed by a lender if a borrower repays the balance of a loan or  
23 otherwise makes a payment on a loan before the regularly scheduled  
24 time for repayment.

25       (e) "Stated-document home loan" means a home loan whose  
26 terms allow a borrower to establish his or her ability to repay the  
27 home loan by providing only his or her own statement of  
28 verification of his or her income and other assets.

29       **Sec. 6.** This act becomes effective on July 1, 2011.

