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SMALL BUSINESS IMPACT STATEMENT

AS REQUIRED BY NRS 233B.0608

PROPOSED AMENDMENT TO NRS 645B and 645E

November 9, 2022

Background

The following information comprises the Small Business Impact Statement drafted by the Nevada Division of Mortgage Lending (“the Division”) in compliance with Chapter 233B of the Nevada Revised Statutes (“NRS”) regarding its proposed regulations to Chapter 645B of the NRS which governs mortgage brokers and mortgage agents and Chapter 645E of the NRS which governs mortgage bankers. The Division has determined that the proposed additions and amendments should not have an adverse economic impact upon small businesses (but potentially may rather have a small positive impact), and should not prevent the formation, operation, or expansion of a small business in Nevada.

The proposed regulations were drafted to comply with the requirements of the 2017 Nevada Legislature. The Division proposes to amend NRS 645B and NRS 645E to accommodate the changes made in law and to ensure regulations are written clearly and concisely, that regulations are not duplicative and unnecessary and that regulations protect the health and welfare of Nevada without unnecessarily burdening business activity. The proposed regulations amend NRS 645B and NRS 645E in the following manner:

- Provide revised requirements for a surety bond form.
- Provide revised provisions governing exemptions for certain entities from requirements for licensures as a mortgage broker or mortgage banker (the Division, proposes that a person be required to obtain a license if they provide additional activities such as solicitation of business for the activities of a mortgage broker, or the activities of a mortgage banker or arranging a mortgage loan secured by real property that is not commercial property).
- Eliminated the distinction between mortgage brokers and mortgage banker by creating a new term “mortgage company” and replacing the term mortgage agent with the new term “mortgage loan originator.”

- Establish the criteria required by the mortgage companies to follow the provisions related to a mortgage broker when applying for and holding a license.
- Provide provisions relating to violations by adding that an order imposing discipline and the findings of facts and conclusions of law supporting that order are public records.
- To repeal as redundant the provisions of the law that applied to mortgage bankers.

In effort to determine whether or not its proposed regulations were likely to impose a direct and significant economic burden upon small business, or directly restrict the formation, operation, or expansion of a small business, the Division posted the proposed regulations to the Division's website as accompanied by a summary of their provisions and opportunity to provide comments. In addition, the Division solicited comments by its licensees under Chapters 645B and 645E of the NRS, as well as by other interested persons, when it emailed them copies of the proposed regulations with a summary of the provisions. Following receipt of response (s) thereto, the Division prepared its Small Business Impact as set forth below:

1. A description of the manner in which comment was solicited from affected small businesses, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The Division sent an email notice to its licensees and interested parties on November 9, 2022, containing the proposed regulation amendments to NRS 645B and NRS 645E in effort to ensure that these amendments do not unnecessarily burden the business activity of a small business or do not directly restrict the formation, operation, or expansion of a small business, the Division posted its draft regulations on its website, http://mld.nv.gov/About/MLD_Updates and made e-mail notification to its Nevada Licensed Mortgage brokers, mortgage agents and mortgage bankers, as well as to other interested persons (a total of approximately 1,228 recipients), soliciting input concerning the proposed regulations. Specifically, the Division sought both public and industry feedback concerning whether or not such proposals were likely to impose a direct and significant economic burden upon a small business subject to NRS 645B or NRS 645E, or were likely to restrict the formation, operation, or expansion of a small business subject to NRS 645 B or NRS 645E. The Division set forth the definition of a "small business" as provided in NRS 233B.0382: "[A] business conducted for profit which employs fewer than 150 full-time or part-time employees."

The Division anticipates discussion concerning the impact of the proposed regulations upon small businesses at the time it conducts its scheduled workshop concerning the matter.

2. The manner in which the analysis was conducted.

See the answer provided to Item 1 directly above.

In order to determine how the Division could reduce the impact upon small business through the proposed regulations, the Division reviewed and considered the comments received in response to the email notice and those comments received during the drafting process.

A summary of the comments received regarding the proposed amendments to NRS 645B or NRS 645E are available for viewing on the Division's website at http://mld.nv.gov/About/MLD_Updates.

3. The estimated economic effect of the proposed regulation on the small businesses which it is to regulate, including, without limitation:
a. Both adverse and beneficial effects; and

The proposed regulations should not result in any adverse economic impact on small business as it does not increase any cost to the business.

The proposed regulations should have a beneficial economic impact on small business because it saves the small business money by no longer requiring a license for both a mortgage broker and mortgage banker; now only one license for a mortgage company is needed.

b. Both direct and indirect effects.

Direct or indirect beneficial effects: Potential cost savings to the small business will result with the enactment of the proposed regulations by removing the necessity of paying for two licenses to only paying for one license.

Direct adverse effects: No direct adverse effects were noted.

Indirect adverse effects: No indirect adverse effects were noted.

4. A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of those methods.

In order to enable public input concerning how the proposed regulations may impact a small business, the Division posted to its website the proposed regulations, as well as a summary of their provisions, providing opportunity to provide comments concerning the regulations. The Division additionally provided this same information directly to its Nevada-licensed mortgage brokers, mortgage agents, and mortgage bankers, as well as other interested persons, pursuant to e-mail transmission. In attempt to reduce potential burden upon a small business, and in conformance with the requirements of Assembly Bill 468, the Division drafted the proposed regulations to combine the licensing and regulations for mortgage brokers and mortgage bankers into one set of regulations.

The Division anticipates that further input by the public concerning the impact of the proposed regulations upon a small business, including any methods to reduce any adverse impacts, will be addressed, and considered at the time the Division conducts its scheduled workshop in this matter. Any additional feedback will be taken into account when determining if revisions to the proposed regulations are necessary.

5. The estimated cost to the agency for enforcement of the proposed regulation.

The Division anticipates that the cost to the agency will be minimal. The Division currently expects

that the costs for enforcement of the proposed regulations will be absorbed into the existing workloads of current staffing levels.

6. If the proposed regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

The proposed regulations do not otherwise provide a new fee, and do not provide for any increase to an existing fee.

7. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.

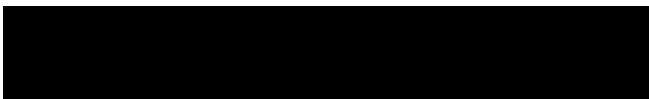
The proposed regulations neither duplicate, nor are they more stringent, than any existing federal, state, or local standards regulating the same activity.

8. The reasons for the conclusions of the agency regarding the impact of a regulation on small businesses.

Based upon the comments received in response to the Division's solicitations of comments or input concerning the proposed regulations as set forth in Item (1) above, and considering the legislative directives or goals that the Division seeks to implement by its drafted proposals as discussed herein, the Division believes the impact of the proposed regulations upon small businesses may be only beneficial, neither being likely to impose a direct and significant economic burden upon a small business, nor likely to restrict the formation, operation, or expansion of a small business.

The Commissioner of the Division of Mortgage Lending has determined that the proposed additions and amendments to NRS 645B or NRS 645E will not impose a significant and direct burden upon a small business and will not restrict the formation, operation, or expansion of a small business.

I certify that, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that the information contained in this statement was prepared properly and is accurate.



Cathy Sheehy, Commissioner,
Nevada Division of Mortgage Lending