

**SMALL BUSINESS IMPACT STATEMENT**  
**LCB FILE NO. R176-18**  
**JANUARY 21, 2020**

**LCB File No. R176-18 Small Business Impact Statement pursuant to NRS 233B.0608:**

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

The Commission of Appraisers of Real Estate (Commission) posted the notice of workshop and proposed changes to NAC 645C on the Division's website and sent the notice and proposed changes to interest parties at organizations, associations and businesses relating to this profession. Along with the notice of workshop and proposed changes, a survey was posted for small businesses to complete regarding how the proposed changes will affect their business.

The Commission conducted a regulation workshop on August 27, 2019. There was comment from a member of the public at the workshop regarding Section 2 of agency draft of the proposed regulation regarding advertisement for appraisal management companies that operate in multiple states. There was also comment regarding Section 3 of the proposed regulation requesting to make the language in, now subsection 7 of the LCB draft of the proposed regulation, uniform with the language in NRS 645C.650 as amended by Senate Bill 39 2019 Legislative Session. There was comment from a member of the public regarding Section 8 of the agency draft of the proposed regulation that would amend NAC 645C.065 regarding experience requirements. There was comment from a member of the public regarding Section 40 subsection 3(d) of the agency draft regarding the use of a fee schedule. There was comment from a member of the public regarding Section 42 subsection 1 in regard to the annual national registry fee and drafting the language to be similar to Section 7 of the agency draft of the proposed regulation. There was comment from a member of the public regarding Section 45 of the agency draft concerning the definition of "advertisement".

Interested persons may obtain a copy of the small business impact statement or submit statements of impact to:

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**(b) The manner in which the small business analysis was conducted for LCB File No. R176-18.**

The analysis included review of the comments and surveys received prior to the workshop, comments and feedback received during the workshop and all other written

public comments received.

**(c) The estimated economic effect of the proposed regulation on the small businesses which it is to regulate, including, without limitation:**

**(1) Both adverse and beneficial effects:**

**(I) Adverse effects:**

The advertising requirement concerned some national organizations who were concerned that it would be extremely difficult to include all AMC registrations in regional and national advertisements. Based on that feedback the Commission modified the proposed regulation to make it specific to Nevada. Due to the changes in advertisement requirements, businesses might be required to change or update current advertisement. The regulation adopts statutory requirements to collect the annual national registry fee as required by the Federal Financial Institutions Examination Council from appraisal management companies to be in compliance with the Dodd-Frank Act.

**(II) Beneficial effects:**

The ability to use experience in lieu of a degree to apply as a licensed residential appraiser and a certified residential appraiser will significantly benefit businesses that are looking to hire new appraisers. These additional appraisers would also be able to serve the underserved areas of central and northern Nevada.

Proposed changes to the regulation allow for more flexibility to conduct an inspection of property for a registered intern.

**(2) Both direct and indirect effects.**

**(I) Direct effect:**

Proposed changes to the regulation could result in cost increases to appraisal management companies and businesses who will be required to update their advertisement to include their license number. There would be an increase in costs for appraisal management companies to pay the annual national registry fee as required by the Federal Financial Institutions Examination Council. Companies will benefit from an increased pool of licensed appraisers to hire or select from due to the changes to the education requirements. This will allow Companies to take on additional appraisal assignments and increase revenue. Also, the proposed changes to regulation would directly affect registered appraiser interns allowing more flexibility to conduct an inspection.

**(II) Indirect effect:**

Lenders benefit because the pool of certified residential appraisers would increase due to the change in education requirements. This could result in costs decrease of appraisals in rural and underserved areas. Lenders may be more inclined to use appraisals and reduce the use of alternative methods to

value homes.

**(d) A description of the methods that the Commission considered to reduce the impact of LCB File No. R176-18 on small businesses and a statement whether the Real Estate Division actually used any part of those methods.**

Comments, surveys and feedback from the public prior to the workshop and during the workshop were taken into consideration. Changes made to the proposed regulation that were taken into consideration to reduce the impact on small businesses include changes to the advertising requirements and the decision to not make changes to NAC 645C.065 regarding requirements of experience.

**(e) The estimated cost to the agency for enforcement of the proposed regulation.**

No additional estimated costs to the agency for enforcement of the proposed regulation.

**(f) If LCB File No. R176-18 provides a new fee or increases an existing fee, the total annual amount the Real Estate Division expects to collect and the manner in which the money will be used.**

This proposed regulation to comply with Title XI of the Financial Institution Reform, Recovery, and Enforcement Act of 1989 made by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, requires per the final rule promulgated by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (ASC) Appraisal Management Companies (AMC) registry fees to be collected and transmitted to the ASC on an annual basis by States that elect to register and supervise AMCs. These fees are not retained by the State. The fees are used by the ASC to maintain a “registry” of AMC’s. The total amount of fees cannot be determined at this time as it will vary based on several factors including but not limited to the number of AMC’s, the number of appraisers on the AMC panel and whether the AMC is federally regulated. This regulation also lists the fees that are currently in NRS 645C. The Commission would like to move these fees into regulation and repeal the same fees from statute during the next legislative session. There are no additional fees being added at this time. The fees will continue to be collected and used in the manner that they are currently being collected and used.

**(g) If LCB File No. R176-18 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.**

Some provisions duplicate the Dodd-Frank Wall Street Reform and Consumer Protection Act Section 1473 which amends various sections of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 as it related to Appraisal Subcommittee of the Federal Financial Institutions Examination Council. The provisions are not more stringent.

**(h) The reasons for the conclusions of the Real Estate Division regarding the impact of LCB File No. R176-18 on small businesses.**

The conclusions are based on feedback from appraisal management company representatives, appraisal companies and discussions during the workshop. The Commission made changes to the advertisement regulation, education requirements for initial applicants and an intern’s ability to inspect to reduce the impact on businesses.

*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 is accurate. (NRS 233B.0608(3))*

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**Sharath Chandra, Administrator**  
Department of Business & Industry  
Real Estate Division