MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON JUDICIARY

Seventy-Eighth Session
April 28, 2015

The Committee on Judiciary was called to order by Chairman Ira Hansen at 7:59 a.m. on Tuesday, April 28, 2015, in Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Ira Hansen, Chairman
Assemblyman Erven T. Nelson, Vice Chairman
Assemblyman Elliot T. Anderson
Assemblyman Nelson Araujo
Assemblyman David M. Gardner
Assemblyman Brent A. Jones
Assemblyman James Ohrenschall
Assemblyman P.K. O'Neill
Assemblywoman Victoria Seaman
Assemblyman Tyrone Thompson
Assemblyman Glenn E. Trowbridge

COMMITTEE MEMBERS ABSENT:

Assemblywoman Olivia Diaz (excused)
Assemblywoman Michele Fiore (excused)

GUEST LEGISLATORS PRESENT:

Senator Aaron D. Ford, Senate District No. 11
Senator Becky Harris, Senate District No. 9
Senator Scott T. Hammond, Senate District No. 18

STAFF MEMBERS PRESENT:

Diane Thornton, Committee Policy Analyst
Brad Wilkinson, Committee Counsel
Linda Whimple, Committee Secretary
Jamie Tierney, Committee Assistant

OTHERS PRESENT:

Mandy S. Shavinsky, representing the Common Interest Community Subcommittee, Real Property Section, State Bar of Nevada
Mark Leon, Private Citizen, Las Vegas, Nevada
Glen Proctor, Private Citizen, Las Vegas, Nevada
Garrett Gordon, representing Community Associations Institute and Southern Highlands Community Association
Jon Sasser, representing Legal Aid Center of Southern Nevada
Gayle Kern, representing Community Associations Institute
Pamela Scott, representing The Howard Hughes Corporation
Jonathan Gedde, Chairman, Board of Governors, Nevada Mortgage Lenders Association
Samuel P. McMullen, representing Nevada Bankers Association
Jennifer Gaynor, representing Nevada Credit Union League
Russell Rowe, representing One Nevada Credit Union
Randolph Watkins, Private Citizen, Las Vegas, Nevada
Erin McMullen, representing American Resort Development Association
Jonathan Friedrich, Private Citizen, Las Vegas, Nevada
Bob Robey, Private Citizen, Las Vegas, Nevada
Tim Stebbins, Private Citizen, Henderson, Nevada
George Crocco, Private Citizen, Las Vegas, Nevada
Robert Frank, Private Citizen, Las Vegas, Nevada
Catherine O'Mara, representing DK Las Vegas, LLC
Robert C. Herr, P.E., Assistant Director, Public Works and Parks and Recreation, City of Henderson
Lorne Malkiewich, representing Expedia
Jenny Reese, representing Nevada Association of Realtors and Nevada Land Title Association
Diana Cline, representing SFR Investments Pool 1, LLC

Steve VanSickler, Chief Credit Officer, Silver State Schools Credit Union, Las Vegas, Nevada
Silvia Villanueva, representing One Nevada Credit Union
George E. Burns, Commissioner, Division of Financial Institutions, Department of Business and Industry
Marilyn Brainard, Private Citizen, Sparks, Nevada

Chairman Hansen:
[Roll was called and protocol was explained.] We have seven bills on the docket today. We will start with Senate Bill 389, which revises provisions relating to condominium hotels, and it will be presented this morning by Senator Ford.

Senate Bill 389: Revises provisions relating to condominium hotels. (BDR 10-76)

Senator Aaron D. Ford, Senate District No. 11:
Senate Bill 389 is a cleanup bill for all intents and purposes. It is a bill that the State Bar of Nevada requested I submit. I have a colleague with me from the State Bar if the Chairman would allow Mandy Shavinsky to proceed with the introduction of the bill. As I have indicated, it is a cleanup bill and nothing too controversial, but it does have some substantive changes that need to be explained by someone from the particular section of the State Bar.

Mandy S. Shavinsky, representing the Common Interest Community Subcommittee, Real Property Section, State Bar of Nevada:
I am here today speaking in support of S.B. 389 and to give some background on why we are supporting this legislation. The Common Interest Community Subcommittee of the Real Property Section of the State Bar of Nevada met on several occasions in the spring and summer of 2012 to consider changes to *Nevada Revised Statutes* (NRS) Chapter 116B, which is the Condominium Hotel Act. These changes are based on applicable provisions from the Uniform Common Interest Ownership Act (2008), the Uniform Act on which NRS Chapter 116 was based. There were also changes passed in the Nevada Legislature in 2011 with Senate Bill No. 204 of the 76th Session.

The changes in this bill are basically duplicate changes that were already made to NRS Chapter 116 with the passage of S.B. No. 204 of the 76th Session and came, for the most part, from the Uniform Common Interest Ownership Act. The participants who met in this subcommittee included Michael Buckley, Karen Dennison, and myself. As I explained, the amendments incorporate the applicable provisions of the 2008 draft of the Uniform Common Interest Ownership Act and S.B. No. 204 of the 76th Session.

In addition, the subcommittee discovered and corrected a number of minor changes to existing law. Some of these changes included moving provisions of existing law into sections which address the same topic. I have included a section-by-section explanation of the proposed changes (Exhibit C) that correspond to the Legislative Counsel Bureau's draft that was distributed earlier. None of these changes are policy-driven, and we do not expect any of them to be controversial in any manner. They do not take any policy positions whatsoever. There are two sections that I would like to call out to you that were not based on S.B. No. 204 of the 76th Session or the Uniform Common Interest Ownership Act, and those are sections 7 and 26. These are also cleanup changes, but I bring these to your attention because I notice that the highlighting in these sections did not come through when this section-by-section explanation was copied. With that introduction, I am happy to go through it section by section with the explanation for the technical corrections if you like, or answer any questions you have.

Chairman Hansen:
Are there any questions at this time for Senator Ford or Ms. Shavinsky?

Assemblyman Elliot T. Anderson:
Section 12 crosses out the requirement that any right or obligation declared by the chapter is enforceable by judicial proceeding. If that is crossed out, what remedies do people have if they are aggrieved by violation of the chapter?

Mandy Shavinsky:
The language in that section was moved, so the remedy was not removed. It now would appear in what would be NRS 116B.790. It is not removed in its entirety; it is just moved to a different section.

Assemblyman Elliot T. Anderson:
Would you give me that citation again?

Mandy Shavinsky:
Yes, you are talking about section 12, and this was intended to be moved to NRS 116B.790. I need to find that exact section for you. I will be happy to do that because these citations I have do not correspond to the draft of the bill I have now.

Chairman Hansen:
Are there any further questions from members of the Committee? [There were none.] At this time, Senator Ford and Ms. Shavinsky, I do not want to go

through the entire bill section by section. We have seven bills on the docket today, and this is a cleanup bill. Do you have anyone else you would like me to call up at this time to testify in regard to S.B. 389?

Senator Ford:
I do not.

Chairman Hansen:
Is there anyone in Carson City or Las Vegas who would like to testify in favor of S.B. 389? [There was no one.] Is there anyone in Carson City or Las Vegas who would like to testify in opposition to S.B. 389? [There was no one.] Is there anyone in the neutral position? [There was no one.] We will close the hearing on S.B. 389. We have three bills that are going to be presented this morning by Senator Harris, and we will start with Senate Bill 154 (1st Reprint).

Senator Becky Harris, Senate District No. 9:
With your indulgence, since Senator Ford has such a tight time frame, could we do Senate Bill 260 (1st Reprint)? He is here to be supportive of that bill.

Chairman Hansen:
That would be fine. We will go to Senate Bill 260 (1st Reprint), which revises provisions governing common-interest communities.

Senate Bill 260 (1st Reprint): Revises provisions governing common-interest communities. (BDR 10-726)

Senator Becky Harris, Senate District No. 9:
I am here to present Senate Bill 260 (1st Reprint), which is a bill that would result in the imposition of impound accounts for homeowners' association (HOA) fees. If a homeowner has a mortgage in addition to impounding for insurance and taxes, the lender would also impound for HOA fees. The idea here is that individuals who may travel a lot and prefer the convenience, and who may have some concerns about foreclosure, would be able to give to their lender all of the payments that are due that are associated with their mortgage. With the impound accounts with regard to the lender, as long as the impound account is current, the super-priority lien for the HOA would not exist.

In the event the impound account was not kept current by the lender, then the super-priority lien would spring back into existence, and the HOA would still have a remedy with regard to it. It helps clear up some of the issues regarding foreclosure. It also helps deal with the super-priority issue while it still allows the integrity of that super-priority lien to be in place in the event the HOA is not appropriately paid.

One of the benefits of this is that the first mortgage lender would have real-time knowledge of what is going on with their investment because they would be collecting monthly in an impound account for those HOA fees. They would know exactly whether or not those HOA dues are being paid and they would know exactly where they are with regard to their interest. That is the thought behind this. I practice in a pro bono capacity with regard to homeowner advocacy, and I can tell you that this really helps clear up a lot of issues. It is something that consumers really like.

The HOAs are all on board with this as well. The only concern they have with the bill is that in section 1, subsection 3, on page 3, lines 32 through 40, the drafting did not come out exactly as we intended. We intended for the HOA account to be established, and then if the consumer wanted to opt out, they would be able to. To me, when I read this, it reads as an opt-in. I would propose a conceptual amendment if the Committee is willing to entertain it so we could make sure those impound accounts are established. Then, at the request of the homeowner, if they did not want to participate and wanted to pay directly to the HOA, they would be afforded that ability.

The other option is that we tied this to where taxes and insurance in impound accounts are being required as a condition of the loans. Homeowners who do not have a loan, or have that 80/20 requirement, would then be able to pay the HOA directly if they wanted to. I like to keep the flexibility in the hands of the consumer and have the banks go ahead and impound so they are getting the knowledge they need, the fees for the HOA, and the HOAs are being made whole because the lenders are then transmitting those HOA fees on a quarterly basis to them. Everyone is protected under this bill.

Chairman Hansen:
Senator Ford, do you have anything to add prior to questioning?

Senator Ford:
No. I am here to offer support for this particular bill.

Assemblywoman Seaman:
Because we have had so many bills that had unintended consequences and deterred a lot of lenders, have you spoken to the lenders? How do they feel about this impound account for the HOAs?

Senator Harris:
There is not a lot of support for the bill through the lending community, but I have not received any documentation that would compel me to believe that lending is going to be impacted. The conversations tend to be more of "We do

not like it." I have exerted myself on several occasions and asked for input directly from the lenders. It had support for a much more stringent version of this bill. They would not have a dialogue with me. They would not offer me suggestions as to how to make this bill workable. They do not want to be a part of the conversation; they just want to oppose.

Assemblyman Trowbridge:
In your earlier testimony, you mentioned a particular section that you had a problem with. I missed the citation.

Senator Harris:
Section 1, subsection 3, on page 3, lines 32 through 40.

Assemblyman Elliot T. Anderson:
Are there any other states that do escrow accounts for HOAs?

Senator Harris:
They do not. I can give you an anecdotal conversation I had with one person in the lending community where imposition of the HOA impound accounts are being discussed at the national level. What that will look like, and whether or not it will actually be something that will be required in the future, I do not know, but it is a topic that is being discussed.

Assemblyman Gardner:
How would a bank find out who the property manager is for the HOAs? I have had three different management companies in a single year in my HOA, and I had trouble getting the address of where these payments go. How are the banks going to be able to track that?

Senator Harris:
This is going to be prospective applying to new loans. The way I envision it working is that at closing, banks will be notified of the HOA as well as the homeowner's address, and they will be able to keep up that way.

Assemblyman Nelson:
I have a question on first-time borrowers. It seems to me they are going to have to impound a year's worth of HOA fees now in addition to whatever else they usually do. I am wondering if this is going to affect first-time buyers, particularly those in the lower cost homes as opposed to the giant homes who can probably afford it easily. Have you thought about that issue?

Senator Harris:
I have, but I have not received an answer back from the real estate community. When you look at closing documents, you typically do not impound for a year's worth; it is usually a quarter, maybe up to six months. How many months we are going to actually impound for those HOA fees I could not tell you, but I would anticipate it would be at least three months' worth, maybe between three and six months, depending on where the closing falls.

Assemblyman Thompson:
In my district there are many HOAs. I know you have had limited conversations with the financial institutions, but have you heard that they might charge service fees for doing the impounding? People are already as tight as they can be when they have their mortgage loans.

Senator Harris:
There are a lot of answers to that particular question. As I have talked to different people throughout the community and different stakeholders, a lot of people actually see this as a convenience so they do not have to write another check. I have heard talk that perhaps lenders would charge large fees, so we have contemplated that. In the bill, we provide for third parties to be able to come in and collect on behalf of the bank for impounds. I think that is the way to help keep those fees low.

Chairman Hansen:
Senator Harris, is there anyone else you would like to testify in favor of this bill?

Senator Harris:
Yes, there are gentlemen in Las Vegas who represent HOAs, as well as Garrett Gordon here in Carson City.

Mark Leon, Private Citizen, Las Vegas, Nevada:
I support S.B. 260 (R1) because it makes life easier for homeowners who live in my community of Mountain's Edge Master Association. The bill is beneficial to us because it has the bank handling timely payments for five different entities, that is, county tax, county special improvement districts, master association, subassociation, and insurance, while the homeowner makes just one payment a month. This is also beneficial to the banks because they do not have to worry about the homeowner falling behind making their timely assessment payments that might put their first security interest in jeopardy. Senate Bill 260 (R1) is a win for everyone.

Glen Proctor, Private Citizen, Las Vegas, Nevada:
I am sure I am like the rest of you. We have mortgages, and in the mortgages, we are either paying insurance or special improvement district funds or taxes. We know the escrow system works. I have had home mortgages in Las Vegas for eight years now, and I have never received a notice from the government saying they did not get their taxes or the special improvement district funds. This is a wonderful opportunity for everyone to come away with a win-win. The homeowner gets a win, the association gets a win, and so does the banker. I am sure the bankers are going to tell you—as the gentleman said—it is an extra cost. They already have a system in place that is doing it. There may be some extra cost, but there are some extra benefits too. In my particular case, they are collecting money for three months in advance and they are using that money. That is what they do. They use money. Then they do not pay it out for three months and then they collect it again. They are making money on this, even though they may be incurring some cost, which I am not sure about.

As far as I am concerned, this is a bill that could solve a tremendous number of problems. I checked with my association and they spent $375,000 last year trying to collect past dues. If everyone who had an escrow account were paying their dues, they may not have had to spend that amount of money and my dues—or my assessments—may not be what they are now. They might have been a lot less. There is another win. As far as I am concerned, it is a win-win-win situation. There are very few bills like that.

Garrett Gordon, representing Community Associations Institute:
I am here in behalf of Community Associations Institute, which is not only made up of HOA professionals, but also homeowners, board members, and all who stand in strong support of this bill. We commend Senator Harris for bringing this bill forward. As you all know, we have been dealing with issues such as super-priority liens, collections costs, and the cost and time of the new Nevada Supreme Court case of extinguishing the first mortgage. We believe this resolves all of those issues going forward. The fact that impound accounts would be paid and the homeowners' associations would be able to collect their money would mean there would be no need for nonjudicial foreclosures, super-priority liens, or collection costs. We support her bill and also support the amendments made on the Senate side.

The bill started off as mandatory impound accounts. Senator Harris amended it and did two things to make it what she thought was more of a compromise for everyone. One, you have to get the borrowers' consent. The borrower has to be behind it. You cannot do a mandatory impound account unless the borrower says yes, this is something I want, this is a convenience that I think will be very helpful. Two, there already has to be an impound account for taxes and

insurance on the property. We understand there was concern from the lenders that if there were no impound accounts already set up, just doing a random Nevada HOA assessment impound account would be difficult to administer. There already has to be other impound accounts in place in addition to ours.

To address Assemblyman Thompson's question, if you go to section 1.3, it talks about regulations. Certainly, with these kinds of new ideas, the devil can be in the details. This bill authorizes the Commission for Common-Interest Communities and Condominium Hotels to promulgate regulations on a number of things, including cost of servicing. That is no different than the process HOAs went through with the Commission to create a system for collection costs and how much those should be. The Commission is used to doing this and can hold workshops. We think it is a well-balanced bill and something that the HOAs can get behind.

Jon Sasser, representing Legal Aid Center of Southern Nevada:
We are also in support of S.B. 260 (R1). I think we need to start with the Supreme Court decision from last summer that says a first mortgage held by a bank is extinguished if there is an HOA foreclosure sale. I guess all the banks will have some difficulty with some of the hassle or procedures of putting this in place. The bottom line is that it is there to protect their investment so these HOAs fees do not get behind and there is not a loss of their first mortgage as a result of a foreclosure.

Assemblyman Anderson asked what is going on around the rest of the country. It is a new thing, but if you read the comments to the Uniform Common Interest Ownership Act that came out about a year ago, they talk about the super-priority liens and the difficulties in different states and the different ways states might have to invest those. Impound accounts is one of the specific items they put forward as a way to take care of investments.

For the homeowners, it takes away the difficulty of today's system where you end up with a lot of collection costs that may be in the super-priority lien that are avoided if someone gets in trouble down the road where they lose their job, or they become disabled and they fall behind in their payments. They now have some coverage through the impound account; therefore, we are not looking at the nonjudicial foreclosure with a large collection cost. I think this is a rare win-win-win for everyone involved. The HOA protects its financial integrity, it protects the homeowner from the high collection cost, and the banks protect their interest in not having their purse extinguished.

Gayle Kern, representing Community Associations Institute:
I am with the Community Associations Institute's Legislative Action Committee and I am also an attorney practicing for about 30 years in northern Nevada. I wanted to address Assemblyman Gardner's question. There are two places where it would be able to be protected. First, when the loan is first established, there is an escrow. During that escrow, the community manager provides a demand on behalf of the association, so all information with respect to where that association is, the association address, and the community manager would be identified. Recognizing, though, that sometimes community managers change, just as lenders change and beneficial interests are transferred, in this case the Real Estate Division, Department of Business and Industry, actually requires that every association register with the Division. The form they prepare, which is provided and able to be seen by anyone, is an identification of whoever is the community manager for that association. It is a very simple process to make sure you know who would be managing it and what the address would be.

Assemblyman Gardner:
Our HOA had three management companies in one year. Even as a homeowner, I was having difficulty finding out where to send my payment. That is why I had the concern. Do we have any other law that forces a third party to be a collection company for another group? Basically, in my reading of this bill, the banks are going to be required to collect on behalf of the HOA. Do we have any other statutes like that? I have not seen any, but I am wondering if I missed it.

Garrett Gordon:
I would say it is similar to the other two impound accounts that are currently existing. Banks impound taxes for borrowers and also impound insurance for borrowers, so this would be the number three impound for assessments for borrowers with the borrower's consent.

Assemblyman Gardner:
Are those in statute? That is what I could not find. It was my understanding that banks were doing those voluntarily.

Garrett Gordon:
We can look it up and get back to you.

Chairman Hansen:
I have directed our Committee Counsel to do the same, so we will try to answer it that way.

Assemblyman Nelson:
Generally speaking, the banks are already paying monthly payments for taxes and insurance, but for taxes there is one payee. It is my understanding there is one payee for insurance also, because there is a clearinghouse. There are thousands of HOAs. Most of us live in two, so what you are telling the banks is that they have to keep track of thousands of HOAs, if they have that many loans, pay them every month, and be the collection agent. Mr. Proctor has testified that his HOA spent $375,000 last year on collection costs. I assume it is the hope of the bill that because of the impound the collection costs will go down.

First, please answer my question on the thousands of payees. My second question is what if someone does default? There are still going to be defaults. There may be three to six months' worth of HOA fees in the impound, but what if someone totally quits paying?

Garrett Gordon:
All of us have been working together on Senate Bill 306 (1st Reprint) while also trying to find a solution to the Nevada Supreme Court's recent *SFR* case [*SFR Investments Pool 1, LLC v. U.S. Bank, N.A.,* 130 Nev. Adv. Op. 75, 334 P.3d 408 (2014)]. I believe lenders have been very involved in S.B. 306 (R1) and their biggest concern is an HOA foreclosure extinguishing the first mortgage. Because of that, I think lenders now have to focus on which homes are in which HOAs and whether or not the borrowers are getting behind in their payments because they could lose their interest. We think that S.B. 306 (R1), which you will hear shortly, provides more notice to the banks and provides more safeguards for the banks. We think this is a good companion bill, as while they are monitoring all HOAs and getting additional noticing from us, which you will also hear about in S.B. 306 (R1), if a borrower or unit owner would like to impound their account, they can. They will have the information at closing and will be able to manage it going forward in the event that they would not lose their first deed of trust.

Assemblyman Nelson:
What happens when someone defaults?

Garrett Gordon:
As the bill is written, when an impound account is created, the super-priority lien is nonexistent. There is no need for it. If the unit owner gets behind with his bank, then the impound account would continue to pay. If the bank does not pay, for whatever reason, the super-priority lien kicks back in and,

unfortunately, the homeowners' association would have to move down the path of foreclosure with—if S.B. 306 (R1) passes—the additional safeguards to the lenders.

Assemblyman Elliot T. Anderson:
Conceptually, I think this is something a lot of us have thought about that seems to make sense. Then I think about how this would be implemented. I am looking at the *Federal Register* (Exhibit D) and it looks like the U.S. Department of Housing and Urban Development (HUD) considered this in 2007 and said they did not think it was feasible to do it [*72 Federal Register 56155, 56157* (Oct. 2, 2007)]. Do you know why HUD said it was not feasible and why they did not go that route? They obviously have a lot of experience with these issues. I did not have time to look for the comments to the proposed rule.

Garrett Gordon:
I am not particularly educated on that piece of literature. We are happy to provide the Committee more information. There is also literature saying why this is a good idea and why it is consistent with current federal law. If you look at federal law—and I can provide the cite—which deals with impound accounts, may it be title or tax, that it does say subject to any other state prescribed impound accounts. We think there is a mechanism through state law. The reason why that catchall is there is for instances such as this. We are happy to get the Committee some literature on why this is a good idea and why it is compatible with federal law if you like.

Assemblyman Elliot T. Anderson:
I am not saying it is not compatible. I am saying that HUD looked at requiring this in a proposed rule, they received comments on the rule, and the final rule in the *Federal Register* said it was not feasible. I do not need to see a cite of why it is consistent. I want to know why HUD said this would not work, because I think that is useful information for us as we consider this bill.

Garrett Gordon:
We will be happy to look at it and get back to you.

Assemblyman Trowbridge:
I would do whatever is available to help the HOAs clarify this entire mess that is going on. This sounds pretty clean and easy until you get a little deeper into it. Establishing these escrow accounts is not just like it is for taxes and insurance. Those are fairly stable. My experience with HOAs—which do change periodically—is that there are other things that complicate it, such as when there are special assessments or fines that tend to muddy the water quite a bit.

There is also the potential for the 3,000 HOAs that exist in the state to all have developed their own little software systems to take care of the relationship with the multitude of lenders that are out there. It seems more complicated than it appears on the surface. I think we need to talk more about it offline to see if we can clarify some of the concerns that I have and that exist for others.

Garrett Gordon:
We are happy to meet with the lending community and any other interested third parties who want to sit down and fine-tune any of those details, and we would certainly welcome your involvement as well.

Pamela Scott, representing The Howard Hughes Corporation:
We would like to be on the record that we do support impound accounts. We understand that there will be work for us and the banks, but we feel that it just makes sense that if someone cannot qualify for their loan without impound accounts for insurance and taxes, why would the banks think they can qualify without impounding their assessments given that the assessment delinquencies can wipe out their super priority? We feel it is in the best interest of the banks to figure this out as well.

I will repeat that the banks know where to find us. Every title company knows where to find us. We have daily requests come through our office from banks who are qualifying persons for mortgages, wanting to confirm what the assessments are for, and whether it is an association plus a subassociation. The title companies know how to find us. They update their databases on a semiannual basis, and we cooperate with it.

As far as the fees go, I believe that when the banks are making their loans, their interest rate is tied into the creditworthiness of their applicants. I think they put a small fraction of a percentage in there to cover the cost of the impound account, so I do not really see why there would have to be exceptional fees for any borrower who wanted this money. It could probably be worked into the original loan.

Chairman Hansen:
Is there anyone else in Carson City or Las Vegas who would like to testify in favor of S.B. 260 (R1) at this time? [There was no one.] Is there anyone who would like to testify against S.B. 260 (R1)?

Jonathan Gedde, Chairman, Board of Governors, Nevada Mortgage Lenders Association:
The bill's intention is to have a simple solution to what has become a significant problem. The Nevada Mortgage Lenders Association must strongly oppose

this bill. We recognize that the good intention is to provide a simple solution to the issue of super-priority liens. As I think my testimony will show, requiring impounds on some loans will have significant consequences to consumers, and the problem with super-priority liens will remain. It does not do anything to protect homeowners without a mortgage.

The first issue that we come to are the logistical problems that it presents. This would require massive system overhauls to be sending to as many as three associations per property. Sending those payments on a regular basis, and keeping track of who they are going to and when they need to be sent, will be is a significant technical challenge. This will mean a significant increase in loan servicing expense and will likely result in loan level price adjustments, which is higher cost for all loans in homeowners' associations. It will also result in higher settlement charges beyond the aforementioned costs as impounding homeowners' association dues plus a two-month cushion—which is standard for impound accounts—would require additional funds to be collected from the buyer at closing. This will have adverse impacts on qualifications, mostly affecting low-end borrowers, and it will push some buyers out of the market.

The requirement applies for homeowners' association units that have a loan and will also have an impound account already established for those unit owners who opt in. This covers only a small portion of units. As such, it does not seem to solve any particular problem. Those with no loans are still at risk of expedited super-priority lien foreclosure, and losing a property without any of the protections of the Homeowner's Bill of Rights or other reasonable protections. A simple oversight updating their contact information has caused some unit owners to lose their property, with several hundred thousand dollars, because of a few months of delinquent association dues.

I would like to reiterate the statement that Assemblyman Anderson referenced which HUD released in 2007 (Exhibit D). It states in part that initially HUD proposed amending the *Code of Federal Regulations,* Title 24, Section 203.23 and Section 203.24 to require the payment of homeowners' or condominium association fees among other payments that the mortgager is required to make under the mortgage. The Department of Housing and Urban Development has determined that a mandatory escrow account requirement for condominium and homeowners' association fees is not feasible. As the assemblyman was referencing, I do not have the specific reasoning how they came to that conclusion. It is the conclusion they came to, and that is HUD, who specifically looked at this issue for the exact same reasons we are looking at it today.

Along with overall opposition to the bill, we have specific issues with a couple of portions of it. Section 1.3, subsections 2 and 3 give broad regulatory authority to the Commission on Common-Interest Communities and Condominium Hotels, which has no lending or loan servicing members on it, to add bonding requirements, create forms, adopt procedures, et cetera. These actions were most commonly performed by mortgage servicers and the Advisory Council on Mortgage Investments and Mortgage Lending—or another body that has experience with loan servicing—would be a more appropriate body to complete that type of work. Also section 1, subsection 4, states that payments from an escrow account shall be made either on the normal due dates or quarterly. It does not mention who would have the option, and the aforementioned section 1.3, subsections 2 and 3, gives the broad power to the Commission, which may claim the payee, not the payor, has the option.

Going back to the problem with the settlement charges, the higher settlement charges are going to be significant to borrowers that opt in for this. Assuming that a resident owns a house which is located in a common-interest community that has two associations, as is very common, especially in Clark County, the average impound is going to be somewhere in the neighborhood of five months' worth of payments per association. We are talking about ten months' worth of payments that the borrower would have to bring in at the time of the closing in addition to the down payment and closing costs that are already being brought to the table. This will have a specific adverse impact on lower-income borrowers and lower-end borrowers who are already looking for low down payments and closing cost loans such as Federal Housing Administration and loans from the U.S. Department of Veterans Affairs. We believe it will have an adverse impact, specifically on lower-end borrowers.

As a whole, the bill seems to accomplish very little other than adding regulatory burden and administrative costs to an already overregulated industry. While we understand the intention of the bill was to help solve the super-priority lien issue, it seems to cause more problems than it actually solves. Consumers will be hurt by the increased cost and settlement charges, and it does not address the core problems of super-priority liens. The Nevada Mortgage Lenders Association and its members oppose this bill.

[Assemblyman Nelson assumed the Chair.]

Vice Chairman Nelson:
You have mentioned the extra costs for the banks. Is it not true that the banks have spent hundreds of thousands of dollars—probably millions of dollars—on attorney fees and litigating these cases and lost millions of dollars in first priority liens being wiped out?

Jonathan Gedde:
I cannot speak to that specifically. I am sure there have been significant attorney fees accrued throughout the process of protecting their lien rights. The cost of revamping an information technology (IT) system at a large servicer would be massive. Of course, the larger the servicer, the better their ability to deal with those types of changes. For smaller and middle-sized servicers, those technological changes, as well as the support to manage those systems and update their records, would be difficult to handle. As Assemblyman Gardner mentioned, common-interest community managers can change as often as three times per year. When you have three homeowners' associations, with each of them changing their management association periodically, you can imagine what kind of logistical nightmare it is and the kind of cost that it will create for the loan servicers. It is a cost that will ultimately be borne by the consumer.

[Assemblyman Hansen reassumed the Chair.]

Assemblyman Nelson:
Are you aware of any problems with the federal Real Estate Settlement Procedures Act (RESPA) as far as violating it or being inconsistent with RESPA provisions?

Jonathan Gedde:
I am not aware of any problems with violation of RESPA.

Assemblyman Jones:
A significant part of your testimony was regarding the fact that it would be hard for low-income borrowers to be able to pay these funds, but is that not very important that they are able to pay these? They are due. It seems like an argument that is almost violating itself. People who get into HOA communities need to be able to pay their dues, and if they cannot pay their dues, they should not be getting a loan. Why would that be an argument in support of your position?

Jonathan Gedde:
To clarify, the part of the cost that I was referring to being challenging for lower-income borrowers is the initial down payment. Anyone who qualifies

for a mortgage is qualified with their entire mortgage expense, including the homeowners' association fees and monthly payment. They are deemed to have sufficient income on a monthly basis to pay their mortgage, including the principal, interest, taxes, insurance, and association dues, as well as other obligations that they have. This specific concern is about the amount of money they would need to bring to closing just to start the home ownership process, and just to buy the house. At closing, they would have to bring in roughly an additional five months per association depending on exactly how this is regulated out in cases where association dues are collected annually. They may have to bring up to 14 months of homeowners' association dues payments to closing just to start their impound account.

Samuel P. McMullen, representing Nevada Bankers Association:
I would like to clarify our position. Regarding what Senator Harris discussed, we actually did try to communicate. I think there is no meeting of the minds. I believe that is the import of her characterization of our conversations, but we did bring up a lot of concerns and I think they are the same concerns we still have. She did try to amend it, but I do not believe that has solved our concerns. I just want the record to reflect that we certainly did talk to her.

It may sound funny coming from a representative of banks, but the biggest concern that we see in this is that this is going to be a large cost. We believe, even if you get past startup, there will be costs with this. What is effectively happening here is that the collection for part of the dues, or assessments, for HOAs will be shifted to the banks. Mr. Gardner is correct. This is an interesting requirement in the statute that a third party would collect other people's costs and assessments and that we would have a cost. On page 5, this allows the Commission to set this up. We are very concerned about what our actual costs would be, and we are concerned on two fronts. One is that it is expensive to start something like this. Currently, there are vendors who do taxes and insurance. There are third parties who are in the business of doing that and many people and banks utilize them. There is no vendor right now that collects HOA impound accounts that we are aware of. This puts the obligation to start and create that process with the IT costs being put on the banks. As it was indicated, it can be a very significant cost. The costs of collecting it, which I guess will be packaged into the loan as a percentage, will be additional. We want to make sure that what everyone is thinking about is that this is not just an HOA collection mechanism; this is an additional cost to a borrower.

You really need to look at it from the homeowner's point of view. If you talk about the system that is being created here, you are charging this to new owners only. The HOA will continue to have all of its collection mechanisms for all of its other assessments, liens, fines, and anything else that predates this

consistently collected under the cost structure that the HOA has right now. As Assemblyman Trowbridge said, there are a number of other things that are basically for purposes of this that are going to continue to be with the HOA. This bill says that it is prospective only, so 100 percent of those new lenders, whether they are existing residents or residents that are new to an HOA are buying in and having a loan, all of those are going to have to do it under her amendment today. They would all be included. They would have to decide to opt out if they wanted to.

What happens is that 100 percent will be charged this cost, and I guess everyone has decided that they know what is best for banks and unit owners, but the point is that only 20 percent or fewer of those are going to default. That has been our history. So this cost will be pushed off to 100 percent of the buyers past the effective date of this bill but you will be building 100 percent mechanism basically for maybe 20 families hopefully, which is another thing that needs to be said. This is a phenomenon that was created by the recession that we just went through. Hopefully, we are digging out and there will not be these continued issues. Consequently, you are building one heck of a system. If you think about it, from the HOA to the bank, it is easy to figure out who the community manager is and more importantly, it is easy to figure out who the homeowners' association is if there is an escrow document. Then what has to happen is the HOA has to have a connecting mechanism. I guess it is the bank that will have to have this connecting mechanism for all of the dozens, maybe hundreds, of banks that will have loans for some of these HOAs. There will have to be an informational connector between both of those.

The one thing that has not been discussed is that, in fact, we are now the collection agency for the HOA and not just for ourselves. We are going to have to be responsible for the flip side of the equation, which is the information going back to the HOA about default. Then what do we do? Are we supposed to be the people who collect that other debt and turn into a collection agency? Those are some of the things that I do not know if they are clear here. Under the Commission's obligation to do regulations, we would clearly like to make this law recoup our actual costs of instituting and operating this program. It should not just be the regulatory exercise protecting the unit owner. It should actually be something where, like a business transaction, we would actually get the cost of providing these services, and that is not clear in this bill at all. If you start envisioning what this is, on one side there will be homeowners' associations and on the other side for each homeowners' association there will be these strings connecting for collection across to a multitude of lenders for each HOA.

If you look at this years from now, it will be a very sophisticated mechanism if it is put into place with, I think, cost and reciprocal duties to inform. It is bigger than just the normal collection mechanism. Again, there is no one there that does it now.

My last comment is if we second a loan out to someone, there will be this requirement. The requirement will be on the bank. A new lender who buys this loan probably will not be interested in picking up this obligation, so does it reside with the originating bank? Does it stay there forever even if they do not have the bank? How do we handle that? These are the kinds of things that were discussed and have been out there as practical issues. There evidently was not a meeting of the minds with respect to how we would handle these. We really appreciate the interest in this. We came up with S.B. 306 (R1), which will be discussed shortly, and which is a very costly program for banks. Then all of a sudden there is another one like this. It seems to us that we either do one or the other, and we do these things very practically because there is an awful lot of money, cost, and damage that can be associated with these types of things in terms of lost loans, lost revenue, and charges to homeowners.

Jennifer Gaynor, representing Nevada Credit Union League:
I represent 18 credit unions and more than 300,000 members in Nevada. I want to put on the record that one of our members, WestStar Credit Union, has experimented with doing such impound accounts. They have done it on a very limited level with about six homeowners, and they have found it is very challenging and costly and not feasible to roll out on a large level. Our members have called and sent letters to many of you detailing what are real concerns for them. I will not go over what Mr. McMullen and the others have talked about as far as implementation and costs. I am going to add a couple of concerns to that list.

We have addressed federal concerns. We have had Mr. Pollard from the Federal Housing Finance Agency (FHFA) comment in the Senate hearing on S.B. 306 (R1) that such impound accounts would be almost impossible. As Assemblyman Anderson noted, HUD looked at this in 2007 and they found it would not be feasible to require such impound accounts. We are looking at other federal regulations such as Regulation Z, which is the Truth in Lending Act. We need to make sure this would not conflict with it. For example, that rule would exempt certain transactions from escrow requirements such as mortgage transactions extended by creditors to operate in predominately rural or underserved areas, have a limited number of first name

cover transactions, have assets below a certain threshold, and do not maintain escrowed accounts on other mortgage obligations they currently serve. I think there are a lot of questions. There are a lot of issues with implementation of this.

Another concern that I had not heard addressed today is what happens when there is a dispute between the homeowner and HOA over amounts that have been impounded? How would that be refunded to them? Would they be out the money if they have already paid it? Who would be responsible for dealing with that and how would it happen? We have shared these concerns with Senator Harris. They are such that the only amendment that would make it acceptable to us would be to look at it some more. I think it is an interesting idea, but implementation is very challenging and very complex, as you have all heard today. Let us experiment and study this situation, as our member at WestStar Credit Union is doing. Let us find out what the trouble spots are and work them out before we make this mandatory. [Jennifer Gaynor submitted a memorandum from Nevada Credit Union League (Exhibit E).]

Russell Rowe, representing One Nevada Credit Union:
With respect to the cost, we ran some numbers and it is interesting that the gentleman testified earlier about the cost for an HOA of roughly $300,000 a year for their own collections. That is in the ballpark of what we estimated the cost for our credit union and its members would be, so it really is a cost shift. It is a mandate on the industry. I understand the intent, but it seems to be an ineffective way to solve a problem where we have to collect for all members, but it is only a small minority who have problems making their HOA payments. We think there are other options to address this, but we would certainly be willing to continue working with the Senator on what her goal and intent are.

Assemblyman Ohrenschall:
I am looking at the testimony of Mr. Pollard, the general counsel for the FHFA, and I see the part where he says trying to collect these payments in an impound account, in his opinion, is virtually impossible. His testimony talks about how the climate is going to dissuade lending. If this passes as is, do you think lending will be further dissuaded, or do you think the banks will be able to operate in this kind of environment?

Samuel McMullen:
Yes or no would be excellent.

Assemblyman Ohrenschall:
Please opine.

Samuel McMullen:
We think this is going to make it incredibly difficult and increase the cost to the unit owner, to the borrower. I do not think we need anything to make it more difficult to get people into loans that are affordable.

Assemblyman Thompson:
Ms. Gaynor, you mentioned WestStar Credit Union and basically having a pilot program with the six mortgage holders. I heard you say there were challenges, but I want to dig deeper. What were the challenges? Whenever you are doing a pilot project, what you are looking to do is weigh the pros and cons and see if it is something you want to move forward with. Would you share what those challenges were and if they were mainly through the financial institution or through the mortgage holders?

Jennifer Gaynor:
I could put you in touch with the chief executive officer (CEO) from WestStar Credit Union and have him answer those questions. I know generically what some of those problems were, such as getting information about the HOAs, who the management company is, when there are changes in the management company, dealing with shifting fees and costs that are not steady every month the way our taxes and insurance are, and not having a database or system set up to do this the way that we do with taxes and insurance. There are third-party companies set up to interface with the lenders to provide this information to them. In the case of HOAs, there are no such third-party companies set up to do that. The HOAs come in various levels of sophistication and size. Some have thousands of homes and some have only two or three homes. You would be dealing with each and every one of those should this become mandatory.

Chairman Hansen:
Is there anyone else in Carson City or Las Vegas who would like to testify in opposition to S.B. 260 (R1)? [There was no one.]

Senator Harris:
I will have the Committee know that I learned a lot today from the lending community as to why they do not like my bill. Anyone who knows me, or the way I operate with my bills, knows I am more than happy to listen to those concerns. I am happy to work with them and to address them. I apologize that testimony was so lengthy today. Had I understood the nature of all the different concerns that the banking community had, we would have addressed them and not spent so much time on this.

I would like to hit a couple of quick points with regard to databases. I looked into it and with the few contacts that I have in the banking community, I am not going to presume to tell them how they run their business and what their software systems look like, but someone had mentioned to me that it would be possible to track this on an Excel spreadsheet and be able to operate an HOA impound account that way. As far as communication goes, it was brought out in testimony that the HOAs are already listed on the Real Estate Division's site. The banks would have a stable source of information to figure out who those HOA community leaders are, and S.B. 306 (R1), which you will hear at the end of your hearing today, in its present form requires the banks to have a website as well. There should not be any problem connecting these individuals together, and it would all be done electronically through websites that can be updated quickly with limited expense.

The other thing I would point out is that this is voluntary. Consumers are able to opt out, so if it becomes an expense issue or they simply do not want to do it, they can opt out. They do not have to participate. They felt that rather than allowing banks to opt out or HOAs, putting the tools in the hands of the consumer was the best way to handle this. There is a lot of support from consumers for this bill and, ultimately, they get to decide.

With regard to the feasibility of HUD, I cannot answer specifically to that, but I can suppose that perhaps mandatory nationwide impound accounts for HOAs do not make sense because not every state has a super-priority lien issue like Nevada. I would argue to you that mandatory impound accounts are actually voluntary impound accounts in Nevada per my bill, they do make sense and, ultimately, it will save banks money. It will stabilize lending because they are going to be able to know exactly where their asset is and it is going to lower their risk.

I would also make the point that there is an assumption that this is a default-only bill, and that is simply not the case. This is also a bill of convenience for homeowners who may never be in default but do not want to worry about paying their HOA fees every month. They can have them automatically taken out. This would be particularly convenient if they are traveling, live in Nevada part-time, or have a second home here.

I will also tell you that I found out about the WestStar Credit Union's ability to impound, and unfortunately, despite repeated phone calls to the CEO, have been unable to connect with him to talk to him about his specifics. I did talk to one of his employees, and she mentioned that she really liked it and her mortgage was one of those that was impounded. That is the genesis for my decision to go forward with this bill.

As far as the costly expense of preimpounding for HOA fees, I think a particular average for HOA fees in Nevada is about $35 to $50 per month. While I am sensitive to those who are on the lower end of affordability for a home, we are not talking about thousands of dollars. We are talking hundreds and while that may impact the lender, I do not think it is going to have the detrimental impact on lending that has been suggested. I look forward to working with the banking community. I would like to have some real substantive conversations. It is true; we have had conversations, but nothing as substantive as what we have had in this hearing. I will continue to work with them to see if we can find some solutions, because I think this is a great idea. I think it solves a lot of problems and I think it will fit nicely with S.B. 306 (R1), should the Committee decide there is an interest there as well.

Chairman Hansen:
I will close the hearing on Senate Bill 260 (1st Reprint) and will now open the hearing on Senate Bill 154 (1st Reprint), which revises provisions relating to common-interest communities.

Senate Bill 154 (1st Reprint): Revises provisions relating to common-interest communities. (BDR 10-725)

Senator Becky Harris, Senate District No. 9:
Senate Bill 154 (1st Reprint) deals with common-interest community managers, and is basically a way for them to fulfill the legal requirement they have with regard to their continuing education. Currently we do not offer enough legal classes, so those who do not renew during the year that the Legislature is in session have a hard time getting their legal credits. Typically, updates on homeowners' association (HOA) bills through the Legislature have served as that legal requirement.

I am going to quickly walk you through the bill because we are going to add a couple of provisions to *Nevada Revised Statutes* (NRS) Chapter 116A. The new provisions, which are found on page 3 beginning at line 24, require the Commission for Common-Interest Communities and Condominium Hotels, Real Estate Division, Department of Business and Industry, to adopt regulations establishing the qualifications necessary for managers to renew their certificates. Those regulations must include provisions that require the certificate be renewed biennially, that set the number of hours as not more than five hours for continuing education necessary for renewal, and that allow hours required to be satisfied by observing a disciplinary hearing conducted by the Commission only with the involved parties' permission, or by observing a mediation or arbitration that arises from a claim within the Real Estate Division's jurisdiction.

That is basically the contents of the bill. I think it is a good idea to allow property managers for common-interest communities to attend some disciplinary hearings. I find through the alternative dispute resolution component of my practice that sitting in situations where problems are presented and resolutions of those problems are dealt with are very helpful for those actors in this particular situation. It is anticipated that this type of continuing education for property managers would be at no cost, is readily available, and concerns issues they are going to deal with on a regular basis. By allowing them to sit in on these disciplinary hearings, or arbitrations and mediations, they are going to get some great education with regard to issues they will be dealing with on a regular basis and other issues that communities face in Nevada. That is basically the sum total of it.

The Commission requires 18 hours of continuing education for renewal and of that, 3 hours must be in a subject designated by the Division relating to Chapter 116A of NRS. The other 15 hours may be completed by taking courses the Commission has preapproved. Senate Bill 154 (R1) would simply allow community managers to use five of those hours and getting first-hand experience with disciplinary hearings and arbitrations by observing them. The bill gives managers credit towards their continuing education requirement for doing this because they will have a better understanding of how the proceedings work and get some real-time knowledge as to what the current issues are with regard to common-interest communities. I think it is a great way to help them stay current with their licenses and requirements.

Assemblyman Thompson:
Is there any place in that list of elective classes where they actually learn about mediation and then do it? Observing is one thing but actually doing it is another. Homeowners' associations are always dealing with conflict and confrontation, and they need to know how to approach people in the right way. Do you foresee that in here at all?

Senator Harris:
We are not necessarily training property managers to be mediators. There are classes for that, but they have a lot of credit hours where they can learn some skills to help them handle conflict. This is simply a way for them to get those legal credits that we do not currently offer enough of. A disciplinary hearing is something we would like them not to ever have to be involved in. The alternative dispute resolution components with mediation and arbitration are a way for them to actually get a full perspective of who has the problem, who is saying they are not a part of the problem, and to watch that interchange.

As a mediator myself, I often find that it is very helpful to get a fuller view of perspectives and situations by watching how parties interact and being able to sit as an observer and watch how that conflict gets resolved.

Randolph Watkins, Private Citizen, Las Vegas, Nevada:
I am a licensed community manager in the state, the chief executive officer of an HOA management company, and the former chair of the Commission for Common-Interest Communities and Condominium Hotels. I am definitely in support of S.B. 154 (1st Reprint) because it allows additional opportunities for community managers to obtain the law credits that are required for the 18 hours of continuing education requirement. By observing the Commission's disciplinary hearings, there is no better way for a manager to see the application of the statutes in real time. As the former chair of the Commission, we always encouraged community managers to attend the disciplinary hearings, and I think this will give them an additional reason to attend those hearings, not only to see how the laws apply, but also to have an opportunity to receive additional law credits.

As the Senator pointed out, there are just not enough law credit classes for the community managers, as the Legislature is only in session every two years. After each session, a couple of the major law firms develop a law update class, which is then approved by the Commission. After the session closes, it sometimes takes two to three months for those new updates to be available. The Commission meets on a quarterly basis every year, so within two years a manager can obtain all the necessary credits that are needed to satisfy the law portion of the 18 hours of continuing education. As a manager, I fully support this law, and all 23 managers who work for my organization are also very excited to have this opportunity. I would like to thank Senator Harris for introducing this bill.

Chairman Hansen:
Is there anyone else in Carson City or Las Vegas who would like to testify in favor of S.B. 154 (R1) at this time? [There was no one.] Is there any opposition testimony? [There was none.] Is there anyone in the neutral position? [There was no one.] We will close the hearing on S.B. 154 (R1), and open the hearing on Senate Bill 320 (1st Reprint), which revises provisions relating to time shares.

Senate Bill 320 (1st Reprint): Revises provisions relating to time shares. (BDR 10-1034)

Senator Becky Harris, Senate District No. 9:
I brought Senate Bill 320 (1st Reprint) at the request of a constituent. I have also noticed throughout my practice that there are some concerns with this area. We have a lot of visitors who come to Las Vegas, and many of them have stayed at a time-share property or visited one during their trip. Time-share sales attract visitors who are enjoying their vacation and are attracted to the possibility of purchasing a place to stay on return trips rather than paying for a hotel stay. Despite the fact that time-share properties have been around for decades, there are still a lot of misconceptions that remain about exactly what a time-share is. Many consumers still believe that the purchase of a time-share is an asset that will appreciate and can potentially be sold for a profit. Interestingly, time-share interests were never meant to be guaranteed or have a guaranteed return on their investment. I see this most acutely when a time-share purchaser is experiencing a significant life change, such as filing for bankruptcy, divorce, or for estate planning. I cannot tell you the number of times I have had a client come in when filing for bankruptcy or filing for divorce and they are so excited because they think that they have this great asset in a time-share that they can use to pay off debts, split with a spouse, or use to satisfy a debt to a spouse. It is even more devastating in terms of estate planning when family members think they have a way to help pay for funeral expenses and other things.

Senate Bill 320 (R1) is a one-page disclosure. I do not have a copy of the point of sale with me, but they are typically about a half inch thick and the disclosures are scattered throughout all of those documents. I propose we have a one-page disclosure sheet that a person purchasing a time-share interest would then sign. It is particular language that says:

> By signing this disclosure statement, you are indicating that you understand the following: Any time-share interest is for personal use and is not an investment for a profit or tax advantage. The purchase of a time-share interest should be based upon its value as a vacation experience or for spending leisure time, and not considered for purposes of acquiring an appreciating investment or with an expectation that the time-share interest may be resold.
>
> Resale of your time-share interest may be subject to restrictions, including, without limitation, limitations on the posting of signs, limitations on the rights of other parties to enter the project

> unaccompanied, membership prerequisites or approval requirements, the developer's right of first refusal and the developer's continued sale of time-share inventory. Any future purchaser may not receive any ancillary benefits which were not part of the time-share plan that the developer may have offered to the purchaser at the time of purchase.
>
> You should check your contract and the governing documents for any such restrictions and also note whether your purchase contract or note, or any other obligation, would affect your right to sell your time-share interest. Real estate agents may not be interested in listing your time-share interest or unit.

I have worked very meticulously with the Nevada Resort Association and the time-share interest individuals and we have really honed in on this language. We are in agreement except for the very last statement, which reads, "Real estate agents may not be interested in listing your time-share interest or unit." Their argument is perhaps they might, and my argument is that for customer protection reasons, I would like them to know that should they decide they want to resell their time-share interest, they may not be able to find a listing agent. We disagree there, but we have agreement on every other component with regard to this bill.

Assemblyman Gardner:
Have you thought about putting in a statement that says, "disregarding the difficulty of reselling a time share"? I have a lot of clients who were unable to sell at all for any price. The only offers they received were when they had to pay someone money to take it. That is my concern. I really like your bill, and was wondering if it was the final language.

Senator Harris:
I am open to that language. We are probably on version five or six, and I am happy to entertain that language. I think we get around the edges of what you are talking about in different places with regard to the three paragraphs. We talk about how there is no value necessarily other than a vacation experience, and that you should not purchase it for purposes of acquiring an appreciating investment, or with the expectation that the time-share interest may be resold. That is found on page 2, lines 13 and 14. If that is not specific, I am happy to work on more specific language. The point that you just made is really why I think the last line is important.

Assemblyman Jones:
I have a concern on this. It seems like we, as government, continually think we have to protect everyone from everything. I personally have not bought a time-share, but when people buy time-shares, I know these contracts keep getting thicker and thicker and it gets to the point where it is overwhelming and no one reads it. They just go ahead and sign the contract. We, as government, cannot protect everyone from everything all the time. Is this really needed? Are these disclosures not already included somewhat throughout the documentation? At what point do we stop? People have to take personal responsibility for the actions they enter into and they need to be aware of the agreements they enter into. It is just like boilerplate. Who reads the boilerplate now in these contracts? Again, at what point do we stop?

Senator Harris:
I could not agree with you more. The government's job is not to protect everyone. Nothing in this bill would protect them from any of the consequences of purchasing a time-share. As you so eloquently stated, these are scattered throughout a multipage document that no one is going to read. The idea is that this disclosure would be one sheet of paper they sign and date because they are basically attesting that they have been put on notice and are buying a vacation interest and not a property interest. It is not an investment, and there is no anticipation that it is going to appreciate. This is a way for them to get notice of all of that. You are right; no one is going to read those very thick documents and they are not going to pay a lawyer to tell them what kind of rights and responsibilities they are going to have as a result of signing that contract.

Assemblywoman Seaman:
Is this true with every time-share, even a time-share that is just for personal use and not an investment for profit or tax advantages?

Senator Harris:
That is my understanding, but Ms. McMullen is here and when she comes up to talk to you about that last sentence, I am sure she would be happy to answer in specificity.

Chairman Hansen:
We will open it up to the general public. If there is anyone who would like to testify in favor of S.B. 320 (R1) at this time, please come up. [There was no one.] Is there anyone in Carson City or Las Vegas in opposition to the bill? [There was no one.] Is there anyone in the neutral position?

Erin McMullen, representing American Resort Development Association:
As some of you may know, our members include places such as the Marriott Vacation Club, Wyndham Worldwide, Diamond Resorts International, and Disney Vacation Club—basically the time-share industry. It is the national trade association for those companies. As Senator Harris indicated, we have been working with her on this since it came out of the Senate side. I am in the neutral position because we have agreed to the language and what is in the document except for the last sentence. We do not believe this is necessary as written. There is a public offering statement that is required during the contract period when you buy a time-share. Because of federal laws, almost every company does these additional buyer's statements of understanding or buyer acknowledgements, which have almost identical language to some of what is in Senator Harris's bill. Those are separate from the public offering statement and our additional documentation the buyer will sign. We feel it is already accounted for; however, we applaud her desire to make sure all consumer protection issues are covered thoroughly.

I would defer to the Real Estate Division, Department of Business and Industry, if there are consumer complaints or issue areas that are not covered, but I do not think that is the case. That is why I am in the neutral position. Regarding the last statement about the real estate broker or real estate agent not wanting to list someone's time-share, our concern there is that is a speculative statement that may or may not be true. If it is by law that an individual is required to be a registered real estate broker in order to sell time-shares, that would be something that is more accurate so that people know the different requirements that are out there.

Chairman Hansen:
Is there anyone else who would like to testify in the neutral position on this bill? [There was no one.] We will close the hearing on S.B. 320 (R1) and open the hearing on Senate Bill 174 (1st Reprint), which revises provisions governing eligibility to be a member of the executive board or an officer of a unit-owners' association.

Senate Bill 174 (1st Reprint): Revises provisions governing eligibility to be a member of the executive board or an officer of a unit-owners' association. (BDR 10-617)

Scott T. Hammond, Senate District No. 18:
As many of you probably have already read Senate Bill 174 (1st Reprint), you know it is not a very long bill. We just want to tighten up the language in order

to make it more clear as to who can be on homeowners' association (HOA) board. We had a couple of amendments in the Senate and I believe we have a couple more things to consider in the Assembly as well. There will be some who will speak to that when they give neutral testimony.

However, there is one thing I want to point out. That is on page 4, section 1, subsection 9, paragraph (a), subparagraph (3) and it says, "The person owns more than one unit in the association." This has been brought to our attention by several who have a problem with it. I do not think it detracts from the intent of the bill, but just so you are aware of it, we are amenable to removing it from the bill as an amendment. [Submitted memorandum from the Common Interest Community Committee of the Real Property Section of the State Bar of Nevada (Exhibit F).]

Jonathan Friedrich, Private Citizen, Las Vegas, Nevada:
I am a former commissioner on the Commission for Common-Interest Communities and Condominium Hotels and am now with Legislative Affairs of the Nevada Homeowner Alliance. There is very similar language in Assembly Bill 238 that has passed out of this Committee. This was brought forth because of abuses by certain individuals whereby the husband and wife or a domestic partnership have secured positions on a board. Usually this happens with a three-person and sometimes a five-person board. When this occurs, the control of the board is limited to just two people. It allows for embezzlement and restricts discussion, conflicts of interest occur, and many times predetermined decisions on the agenda items are arrived at before the individuals even call the meeting to order.

There is a gentleman in Las Vegas who will testify about a recent election at Canyon Willow Pecos. I would point out that due to this type of an arrangement where a husband and wife or domestic partners are on the same board, the husband and wife were removed from the board of the Autumn Chase Homeowners Association by the Commission.

Chairman Hansen:
Mr. Friedrich, please stick to the bill. There are a lot of cases to justify it and I appreciate it, but we need the specifics of the bill itself. I understand there is obviously a need; that is why Senator Hammond and Assemblywoman Dooling have brought very similar bills forward, and we appreciate it. If there is something specific to the bill that you want to add to the testimony, please proceed.

Jonathan Friedrich:
I have already given it. I think it is pretty clear why we need it.

Chairman Hansen:
Senator Hammond, is there anyone else you would like me to bring up to testify at this time prior to questioning?

Senator Hammond:
I do not believe I have anyone on the docket.

Assemblyman Elliot T. Anderson:
I voted for A.B. 238 out of Committee, but then voted against it because an amendment was added on the floor. On page 4, in section 1, subsection 9, paragraph (a), subparagraph (2), it talks about a person who stands to gain any personal profit or compensation of any kind. I have never really quite figured out how you would determine that when someone is going on the executive board. How do you know if you stand to gain something? Do you know what every contract that the executive board is going to have before you are on the executive board? As an example, if a bill comes up, then we know at that time if we have a conflict. You are not going to know every contract or issue that is going to come up to an executive board before you are on it. How would this be enforced so you would know if someone stands to gain any personal profit in the future?

Senator Hammond:
I am going to defer to Mr. Friedrich, who proffered the language for that particular part of the bill.

Jonathan Friedrich:
In a number of the cases, once the people got on the board, that is when they went to town. In the Autumn Chase case, the president took out a credit card in the board's name and he ran up bills all over the country including Texas and California. In the Cactus Springs case, the individuals concocted a very clever scheme. They decided to do the security amongst themselves and they billed the association three or four times the normal cost. They embezzled $300,000 in less than a year.

Assemblyman Elliot T. Anderson:
Every person could do that. Every person could take out a credit card, commit fraud, or embezzle. If the language is designed to go after that example, that would disqualify everyone, because everyone could stand to gain if they embezzled or committed fraud.

Jonathan Friedrich:
When there are just a few people on the board, there is no one to oversee them or challenge them. If they are living under the same roof and it is

a husband and wife and they are hell-bent on embezzling from the association, the husband is not going to challenge the wife and the wife is not going to challenge the husband.

Assemblyman Thompson:
On page 4, line 28, it mentions that a person who owns more than one unit in the association cannot be on the executive board.

Jonathan Friedrich:
That was amended out.

Mr. Chairman, just a clarification. The line about the person owning more than one unit has not been removed yet. It has been proposed to be removed.

Chairman Hansen:
So it is a conceptual amendment at this point. Assemblyman Thompson, would you like to get clarification on it?

Assemblyman Thompson:
Yes. Would you tell us why?

Jonathan Friedrich:
There was a lot of objection to it.

Assemblyman Ohrenschall:
My wife and I see a house that is up for a short sale in our HOA and her mother-in-law gets into poor health and we want to purchase it so she is close by and we can keep an eye on her. Let us say that I own two houses in that HOA. I am not sure I should be disqualified from being able to serve on the board. I am concerned about that line.

Senator Hammond:
It was just an oversight when we processed this. We heard the bill and it was some time later that we sat down and talked about what amendments we wanted to add in. That was one we were seriously considering striking from the very beginning. We do not want to disqualify someone from being eligible for the board because they own more than one house. We are trying to disqualify someone who has family on the board; for example, you own a house and your daughter buys a house in the same association. Then your son also buys a house in the association, and now we have three family members who are on the board of a five-member board.

Assemblyman Ohrenschall:
I agree with that, too. I was the sponsor for A.B. 238 until I voted against it after it was amended on the floor like Assemblyman Elliot T. Anderson. I did like the original; I did not like the tow truck part.

Assemblyman Thompson:
I just want to put in my brief statement as to why I think it would be good that they are allowed to do so. A lot of times we hear about investors leaving and they do not invest in properties. This might be a good way to ensure that if a person owns multiple units, at least they are going to be accountable and make sure their properties in the associations are going to look good. We hear all the time that investors will invest in properties and then they leave.

Chairman Hansen:
Is there anyone else in Carson City or Las Vegas who would like to testify in favor of S.B. 174 (R1)?

Bob Robey, Private Citizen, Las Vegas, Nevada:
I am here with more minutia. Yes, we need this bill. One would think that it is not necessary, but it is definitely needed. One of the questions that was asked by Assemblyman Anderson was in regard to whether the person stands to gain any personal profit. I can understand his position and I agree with him. It is pretty broad. What happens is that you get two people who are married on a board and they then appoint their daughter as a secretary and pay her to do the minutes of the meeting.

Chairman Hansen:
Mr. Robey, we have covered that several times now on this bill. We understand the problem. Is there anything specific to the bill that needs to be amended out or changed?

Bob Robey:
No. I love the bill; I am all for this.

Chairman Hansen:
That is great testimony right there.

Tim Stebbins, Private Citizen, Henderson, Nevada:
I am a member of the Nevada Homeowner Alliance, and I would like to say that I am very much in favor of this bill. I think it offers wonderful protections against bad situations that have arisen in the past in homeowners' associations where homeowners have been harmed by married or closely related people

being on the board. Without getting into detail, I would like to say that I am very much in favor of it and I certainly hope that the Assembly will support this bill.

George Crocco, Private Citizen, Las Vegas, Nevada:
I support S.B. 174 (R1). It is protection for the homeowners' association and is also protection for any of the board members. I testified about a month ago in support. Needless to say, I highly support this bill.

Robert Frank, Private Citizen, Las Vegas, Nevada:
I am representing myself, although I am an active member of the HOA Commission at this time. I think this is a good bill. I have personal experiences where this will help prevent some problems. It is not a massive problem, but it is certainly something that needs to be fixed and I thank you for considering this bill.

Chairman Hansen:
I think we have a pretty good idea what the potential problem is, so hopefully we can get these issues solved. Is there anyone in Carson City or Las Vegas who would like to testify against S.B. 174 (R1) at this time?

Catherine O'Mara, representing DK Las Vegas, LLC:
I am here on behalf of DK Las Vegas, which owns five of the large condominium high-rises in the Las Vegas area. We signed in as opposed to this bill, but with Senator Hammond's commitment to removing the part regarding owning more than one unit, we would change our testimony to neutral.

I want to state why we are opposed to the part regarding owning more than one unit so the Committee is aware why this change is so important. I know the Committee already voted to strike that language in A.B. 238, so I am hopeful they will make the same change here. As I mentioned, DK Las Vegas owns five large condominium high-rises in the Las Vegas area and they are not the declarant. Under the language of S.B. 174 (R1) as currently written, they would not be able to protect their investment in any of these condos because they own more than one, and in many cases they own less than 75 percent. To Assemblyman Thompson's point, when you have investors investing a lot of money into these buildings, they want to see them succeed. They are actually putting a lot of money into the HOAs because they know that future homeowners are going to want to have a vibrant HOA. This bill, as currently written, would really put a damper on that and significantly impact my clients. With the amendment we are neutral, and we encourage you to support striking that language from the bill.

Mark Leon, Private Citizen, Las Vegas, Nevada:
I am testifying against S.B. 174 (R1) because it is inferior to the same provision that was in A.B. 238, which passed the Assembly on April 21, 2015. The problem with S.B. 174 (R1) is that an ineligible person can still get on the ballot, run for the board, and win. They just cannot serve. Assembly Bill 238 took care of that. I would recommend amending S.B. 174 (R1) to match the language in A.B. 238.

Glen Proctor, Private Citizen, Las Vegas, Nevada:
My objection is basically on the way the bill is written, and not so much the intent of it. For instance, section 1, subsection 9, paragraph (a), subparagraph (1), regarding the two people residing in the same unit and being on the same board, that applies basically to a three-member board. If that was amended to state that it was a three-member board, I think it would be much clearer. If it was a five-member board or a seven-member board, I do not think it is as impactful.

I am pleased to see subparagraph (3), regarding a person owning more than one unit, was scrapped because it was in direct conflict with section 1, subsection 10, paragraph (a), which says someone who owns 75 percent of the homes can be appointed to the board. I guess it was like if you own 1, that is bad, or 2, 4, or 70, but if you own 75 percent, it is okay. I am glad to see that change; it helped me a lot. Other than that, it is my only objection.

Chairman Hansen:
Are there any questions? [There were none.] Is there anyone else who would like to testify in opposition or in the neutral position on S.B. 174 (R1) at this time?

Garrett Gordon, representing Community Associations Institute and Southern Highlands Community Association:
We are working with the sponsor on a couple of tweaks. All of them were mentioned in the opposition testimony—removing the one unit. Also mentioned was what happens if these rules are applied and there are not enough people running for the board. In these small communities, it is difficult to get anyone to run for the board. What happens if you apply these rules and it disqualifies people who would want to run? We are working with the sponsor and will hopefully have a conceptual amendment before a work session.

Chairman Hansen:
Senator Hammond, do you have anything more to add?

Senator Hammond:
No.

Chairman Hansen:
We will close the hearing on S.B. 174 (R1) and open the hearing on Senate Bill 348 (1st Reprint), which revises provisions governing unclaimed property.

Senate Bill 348 (1st Reprint): Revises provisions governing unclaimed property. (BDR 10-770)

Robert C. Herr, P.E., Assistant Director, Public Works and Parks and Recreation, City of Henderson:
I would like to thank Senate Majority Leader Michael Roberson for sponsoring this bill on behalf of the City of Henderson. We truly appreciate his support. To provide some background, when a development is proceeding through the entitlement process, the City of Henderson requires that a traffic analysis be conducted by a registered professional engineer working for the developer. The traffic study identifies the additional traffic likely to result from the project and recommends ways to mitigate it. In the event traffic signal construction is not yet mandated, the City may request cash security toward the construction of future traffic signal and intersection improvements, and refers to this cash security as traffic signal participation funds. They are based on a pro rata share of the cost of constructing the intersection and traffic signal improvements at specific locations. The funds are held in a separate account until conditions warrant and sufficient funds are collected to construct the necessary improvements. The City has typically acknowledged the acceptance of these funds by letter and committed to returning any unexpended funds after five years. However, there may be several reasons why funds have not been expended for the traffic signal and infrastructure improvements.

During the recession, development in the City slowed significantly, and in several cases, anticipated increases in traffic have yet to materialize. The traffic signal location may not meet nationally prescribed warrants for installation or there are insufficient funds to complete an intersection improvement. As a result of these issues, many of the funds held by the City have expired. The City has refunded expired funds upon request and has also attempted to contact owners, but a significant amount of the expired funds remain in the City's account. The City has approximately $8 million in traffic signal participation funds that have expired and remain unclaimed, and an additional $1.1 million that will expire in the future.

Senate Bill 348 (1st Reprint) would exempt these public infrastructure proceeds as defined in section 1.5 of the bill so they can be used for their original intent. This would allow the City of Henderson and similarly situated cities and counties in Nevada to utilize these funds precisely when local governments are needing to reinvest in public safety and infrastructure improvements.

We also have what we deem a friendly amendment in section 1 of the bill, and we have Mr. Malkiewich here to address it.

Lorne Malkiewich, representing Expedia:
Section 1 is a separate amendment to the Uniform Unclaimed Property Act that creates a very limited business-to-business exemption. A business-to-business exemption is basically saying that amounts due and owing between businesses would not be deemed unclaimed property as long as there is an ongoing business relationship and that business relationship is continuing over time. It is a very limited exemption. The first sentence of section 1, subsection 1, provides that it is limited to credit memoranda, overpayments, credit balances, deposits, unidentified remittances, nonrefunded overcharges, discounts, refunds, and rebates. Basically, these are accounts between businesses and they are things that ought to be settled between the businesses and probably should not be deemed unclaimed property anyway; however, it is further limited by the ongoing business relationship requirements.

Subsection 2 says an ongoing business relationship exists if there is activity between businesses within each three-year period that follows the date of the transaction giving rise to this. If you have one of these items, overpayment or a credit balance on one business owing to another, or if there is any business conducted between those two entities, over a three-year period, you have an ongoing business relationship and it should be settled that way. If, over the following three-year period, there is not an ongoing business relationship, then it would become unclaimed property and would be subject to escheat to the state. It is a very simple provision.

Assemblyman Jones:
How many funds are brought in through this reclaiming process each year? How big of an issue is it?

Lorne Malkiewich:
I do not know the exact amount, but it is a fairly large account. I believe the account gets $7 million for unclaimed property. Every year, $7 million or $8 million goes to the Millennium Scholarship Trust Fund, and the remainder goes to the state subject to future claims against it. I believe the amount going

to the state in a year is in the neighborhood of $15 million or more. Again, I do not know the exact numbers; I would have to check with the Office of the State Treasurer.

Chairman Hansen:
It is substantial. I remember in 2011 we had a bill on it. In fact, I have been in contact with former Chairman William Horne on this exact bill and he raised some concerns. I will have to visit with you on that.

Mr. Herr, is there anyone else you would like to have me call up at this time to testify in favor of this bill?

Robert Herr:
No.

Assemblyman Nelson:
On this issue of funds that the City of Henderson is holding and not able to refund because either the company that put the money up is out of business or you have lost contact with them, perhaps there should be legislation or a regulation stating that after a certain amount of time the City of Henderson can keep those funds for economic development or working on the project. Do you think that is a good idea? What do you do with those funds?

Robert Herr:
I think we would obviously favor that, but we also want to have a commitment to the developers who are making these contributions that their funds will be expended for the intended purpose. That was the original rationale for having a time frame that we needed in order to get these projects out the door and utilize the funds.

Assemblyman Nelson:
What if you do not have anyone you can send them to? What do you do with these funds?

Robert Herr:
That is the issue that faces us. Many of these limited liability companies that were created to develop these particular projects are now gone, so we would certainly favor it in those instances where we are not able to locate the developer.

Assemblyman Ohrenschall:
In section 1, currently without the proposed language in statute, the credit balances do escheat to the state. There is no hope that the person who

is actually owed the money will ever get paid. Unclaimed property rarely goes back and settles the debt. That is going to have to be settled in some other way. This will probably help to make sure things do not end up in litigation or bankruptcy.

Lorne Malkiewich:
I believe that, in general, the types of debts that are shown here are things that normally would never become unclaimed property because they would be worked out between the businesses. If for some reason they ever did, without this bill you have a three-year period before they are deemed unclaimed. The dormancy period before it would go to the state—and if after all that period it has gone to the state—I think you are right. The odds are that it is not going to be claimed by the business since maybe it has gone out of business and is no longer available for this. The Treasurer's Office works very hard to make sure that unclaimed property is returned to the rightful owners, but you are still talking 30 to 40 percent ever getting returned and the rest just sitting in the State General Fund in case someone claims it in the future. I would agree with your claim that if it becomes unclaimed property and goes to the state, it is unlikely to be recovered.

Chairman Hansen:
Is there anyone else in Carson City or Las Vegas who would like to testify in favor of S.B. 348 (R1) at this time? [There was no one.] Is there anyone in opposition to S.B. 348 (R1)? [There was no one.] Is there anyone in the neutral position on S.B. 348 (R1)? [There was no one.]

Assemblywoman Seaman:
Is there a fiscal note on this?

Robert Herr:
I believe the Treasurer submitted a fiscal note and the R value was zero. I am not sure if there are other fiscal notes.

Assemblywoman Seaman:
I received an email that there was a fiscal note on this. Would you mind checking and getting back to us?

Robert Herr:
We will certainly do that and get back with you.

Chairman Hansen:
We will close the hearing on Senate Bill 348 (1st Reprint) and open the hearing on Senate Bill 306 (1st Reprint), which revises provisions relating to liens on real property located within a common-interest community.

Senate Bill 306 (1st Reprint): Revises provisions relating to liens on real property located within a common-interest community. (BDR 10-55)

Senator Aaron D. Ford, Senate District No. 11:
I am here today with my colleague Senator Scott Hammond to present Senate Bill 306 (1st Reprint) as it was amended in the Senate. The bill represents a culmination or, as I call it, a quintessential example of compromise legislation over the interim on the homeowners' association (HOA) foreclosure issue. Senate Bill 306 (R1) makes a number of changes that we think will result in a better process for homeowners, banks, and associations.

Before I get into the bill, I think a little background is in order. As you may know, there is such a thing called a super-priority lien. Last year there was litigation which resulted in a Nevada Supreme Court opinion that ultimately states, in essence, that foreclosure on an HOA super-priority lien wipes out a first mortgage. That obviously raised a lot of antennas and caused a lot of discussion to occur. As an attorney, I happened to be watching the oral arguments during that time and took it upon myself to see if we could do something to address this issue. To my delight, Senator Hammond had already looked into doing something of this sort last session. Ultimately, I reached out to Senator Hammond and together we, in a bipartisan manner with a group that would start at about six people and grow to a lot of people, tried to come up with a solution for this.

As I understood the case and what the primary concerns were, the argument is as follows. There were HOA dues that were outstanding and were not paid. By some accounts, the banks were told about it and they would not take care of the HOA liens, so the HOAs were forced to foreclose on the property. Under the current iteration of the law, it wiped out the first mortgage—the bank's lien. The story was, well, they gave us notice, but that notice did not tell us how much was actually owed. We would pay it and they would still say that we owed more. There was a lot of confusion around what was due and owing, whether notice was proper, and whether notice was given according to the statutes. We undertook the task of attempting to address some of those issues. What you see in this hefty bill is, in fact, that effort. I will go over a few of the major provisions.

As I have indicated, the main concern was to address the notice issues and then ultimately discuss what happens in the instance of a failure after proper notice has been given of what is due and owing, what happens to the super-priority lien in that regard, and what happens to the first mortgage interest.

Starting with section 1, the bill allows the costs of collection to be included within the scope of a super-priority lien but very specifically limits what those collection costs would be. By virtue of an amendment in the Senate, the bill now also clarifies that liens for municipal waste collection have the same status as other governmental liens. Section 1 also provides that if a subordinate lienholder makes a payment to the association, it becomes a debt that is actually owed by the unit owner to the lienholder.

Section 2 adds a requirement that the notice of default and election to sell must include a detailed and itemized statement of the amounts due to the association and must be mailed to each holder of a recorded security interest. Again, this addresses the notice issue and the specificity issue that were the main contentions of disagreement. Section 2 also prevents any sale from occurring if the association has received notice that the unit is subject to the foreclosure mediation program unless the owner has not paid assessments that became due during the mediation period. The bill also requires the association to record an affidavit containing the name and address of each security holder to whom the notice of default was mailed.

Section 3 ramps up the standard for mailing a notice by requiring notices to be sent by certified or registered mail to each holder of a recorded security interest and it eliminates the current requirement that security holders must notify the association of their interest in order to receive notice.

To further enhance the efficacy of the notice, section 4 additionally requires (1) a recording of the notice of the time and place of the sale, (2) a posting in a public place typically used for such notices, and (3) publication in a newspaper.

We have inserted a requirement in section 5 that all such sales be held during normal business hours, and for more transparency, the bill also requires that sales in Clark County and Washoe County be conducted at a place designated for foreclosure sales of units subject to deeds of trust. In the other 15 counties, the sale must be held at a courthouse.

Another problem we tackled in this bill is the postponement of sales. To that end, if a sale is postponed by oral proclamation, which happens frequently, then the rescheduled sale must be held at the same time and location. If a sale is

postponed three times, then the bill requires going back through the hoops required for the original notice of the sale, which is something that echoes current practices when it comes to notice of default and election to sell. As an amendment in the Senate, we also added a requirement that an announcement be made at the sale as to whether the mortgage holder has satisfied the association's lien.

Section 6 of the bill creates a right of redemption which is a key component. This right of redemption is not something that I was initially enamored with, and still not enamored with, but as a matter of compromise has arrived in our bill. Section 6 creates a right of redemption by the unit owner or the holder of the security interest by allowing a unit owner or security holder to redeem the unit by paying certain amounts as laid out in that section. It also lays out the rights of the parties and procedures to be followed in the redemption process. If the required amounts are paid within 60 days after the sale, the unit owner or security holder—as the case may be—will gain ownership of the unit. The unit owner or the security holder receives a 60-day right of redemption period. However, after the 60-day redemption period ends, the bill makes it clear that the purchaser at the foreclosure sale has the clear title. Section 6 also provides that if the first security holder pays the amount of the super-priority lien no later than five days prior to the sale, the foreclosure will not extinguish the deed of trust.

Section 7 spells out the process for persons with an interest in the property or a related debt and to record a request for notice and the duties of the association to respond. Section 8 requires the bank to notify the HOA if the unit is subject to the foreclosure mediation program and if the bank has received a certificate from the program. Section 8.5 was added based on testimony in the Senate, and it requires banks, credit unions, and similar entities that hold residential mortgages to provide the Division of Financial Institutions of the Department of Business and Industry with a name of a person and an address to which borrowers must send documents related to financial foreclosure mediation and to which an HOA must send the notices related to foreclosures. Again, this is a provision that deals with notice and making certain that everyone who has an interest in this property should receive proper notice. This amendment was actually suggested by our colleague, Senator Becky Harris. The Division of Financial Institutions must post these addresses on its website in a prominent location so they can be easily retrieved.

That is the overview of the bill. As we know, there are many bills addressing the super-priority lien situation this legislative session, along with the other common-interest communities issues. In our view, this bill represents a collaboration—a quintessential example of compromise legislation—of many

different points of view, and we think S.B. 306 (R1), as revised by the Senate with amendments, does a better job of protecting everyone's interests in making the process more transparent and fair for everyone involved. I urge your support of this critical legislation.

Senator Scott T. Hammond, Senate District No. 18:
Two years ago, I presented a bill that was similar to this, although I think this is much more comprehensive and what we need. The bill basically addressed the idea that the original intent of a super-priority lien involved the ability of the lien of the first to be extinguished by HOAs. There was some talk that maybe that was not correct, but ultimately the bill did not get out of committee and failed to get through the first committee passage in 2013. That was left up to the courts to decide and, of course, they went back to the original intent, an intent that I had read and had been presented going back to the group in the 1970s.

Someone had presented me with some of the remarks from Carl Lisman, an attorney and graduate of Harvard Law School, who basically said yes, this was always supposed to be a hammer to get the banks to the table and the HOAs talking together. When the Supreme Court decided that case, I smiled on the day after the decision was rendered because it confirmed everything that I had said two years ago. I also knew that it would be the beginning of more talks. Senator Ford approached me one day and said that he liked what we had tried to do two years ago and was going to go back to bat, so to speak, and wanted to know if I would like to come back. I was hesitant at first because this is definitely not my wheelhouse and not what I do all the time, but with his encouragement and knowing that there was going to be a very large group of interested members, I decided to go ahead and jump back in. I will say that it has been a phenomenal experience. There have been a lot of people and stakeholders who have been involved, and we had a lot of bipartisan support in this, which I think we need here more often.

As Senator Ford reviewed the sections, you could tell it took a long time to get through the bill. There are a lot of processes we put in the bill, which involved a lot of steps—a lot of things to protect the interest of not only the banks but also the homeowner and HOAs. In my mind, this was the way to go: an HOA foreclosure method that was nonjudicial to keep the cost down as well as putting in notifications. I am very happy with the way it turned out. One of the things we were also aiming at was to make sure we were not going to stymie any of the investment that would go on in the state of Nevada. We also received the buy-in from the federal government as well. They came in the Senate and testified that this is exactly what they wanted to see and that they would support this and we could move on. It was great to see the process work this way. We had a lot of meetings and a lot of people involved.

There will be some people who come up to the table today, probably in the neutral testimony, and say they liked the process, they liked what we did, but they want to add some amendments. We know it will happen. We all came to an agreement and this is what we said we liked, but if there is anything you think needs to be added and you want to lay it at the feet of the Committee, then by all means go ahead. What we have right now is pretty much what the federal government likes. It would take a lot for us to be moved from the position we are in right now.

Senator Ford:
I want to reiterate what Senator Hammond just said. Alfred Pollard, General Counsel of the Federal Housing Finance Agency (FHFA), testified during the Senate hearing on April 7, and I believe his testimony was submitted for the record testifying in support of this bill. Previous to this version, there was an amendment made that we do not think is going to change his endorsement. The amendment is the one about posting addresses on the website of the Financial Institutions Division.

This has been a labor of love. I neglected to tell you who was involved; I said there were from 6 to 60 people. We had banks, mortgage associations, legal aid, title companies, collection agencies, HOAs, and investors involved. This was an effort to bring all of the stakeholders together. The conversations primarily began right after the Supreme Court case around September of last year when we had our first meeting. We had three meetings before the year was out, two meetings afterwards, and then we have had half a dozen meetings since the session began. What you have before you is work that has been participated in by a lot of different entities, not the least of which is the federal agency which underwrites about 70 percent of the mortgages here, buys them up and, ultimately, the notice of provisions that are within this bill satisfy the concerns they have. To be sure, it will not necessarily stop the litigation that is ongoing, but this will not add to the litigation. It will assist in those efforts and our efforts to ensure we can bring some sanity back to the housing market.

Chairman Hansen:
We have been hearing about this bill for quite a while. All of those groups you mentioned have been coming to see me about this bill that is going on in the Senate and how we are going to solve these problems. I am all for solving the problems.

Assemblyman Nelson:
Thank you, Senators, for bringing this bill. I commend you—it is fantastic legislation. I have seven cases that I am litigating right now in this very area, and I know it is a giant quagmire. You are doing a great job.

Senator Ford, you pretty much answered what I was going to ask when you were talking about the stakeholders. You mentioned that title companies came to the table also. What I found in a number of these cases is that even if it is resolved, or even if a court says yes, the purchaser has clear title, they cannot get title insurance. I am curious about what the title companies have said about your bill and what they will do going forward.

Senator Hammond:
Title companies have been one of the stakeholders. We took everyone's concerns and addressed them, but when they were in the room, we understood that that was one of the primary stakeholders we needed to make sure was satisfied. I think they will testify that they are in favor of the procedures we put into place. They like that when they get done with this, we have a bona fide purchaser. I think you are going to find their testimony, if they are here today, also testifies to their acceptance of this because if they were not in favor of this bill, they would certainly tell you. They were very accepting of this process and have been there from the second meeting on that we had.

Assemblyman Elliot T. Anderson:
I would like to echo Assemblyman Nelson's comments for all the work. It is a complicated issue and the process really needs to be good because it is a big issue. It is very important and it affects mortgage finance. I wanted to get back on the conceptual issue. You mentioned FHFA testifying. I am looking at the FHFA general counsel's testimony where he said he thought the bill moves the ball forward. I do not know if it was as much as a support notion as it was that this moves the law forward. I agree with that; it certainly does. Notice and redemption are both very good provisions that I like in this bill. On April 21, the FHFA released a statement stating that federal law prohibits foreclosure of their interest. If I recall, federally backed loans are about 80 percent of our mortgage market here. I am wondering, is that exception here under federal law going to swallow the rule? Do you think it would be cleaner if federal law prohibits 80 percent of our mortgages from being extinguished by an HOA? Does it not make sense to write that in there and maybe make the exception for the 20 percent?

Senator Ford:
To your first point about whether it was a support testimony or moving the ball forward, I will say it this way—he accompanied me to the table, sat next to me,

and offered support for the bill. In view of the fact that there is litigation out there, I think he had to be a little cautious with the way he phrased things, but there is no question in my mind that the FHFA representative supports the bill as presented to the Senate. As to the legal issue that you have addressed, as you may know, there is a lot of litigation going on right now and the FHFA is involved in some of the litigation. The litigation is not complete. A statement by a federal agency, state agency, you, or me in litigation does not win the deck. Until those court cases are culminated, we will not know what the actual state of the law is. We are operating under the premise that our state's law is accurate and a first lien can be foreclosed upon and eliminated by the foreclosure super-priority lien. If we are wrong about that, the federal court will let us know and we will take a look at that. I do not desire to legislate around statements made. I want to legislate around laws as they currently exist and we do not know what the state law is in that regard, at least in regard to the statement that we just got from the FHFA.

Assemblyman Elliot T. Anderson:
I am looking at page 13, section 5, subsection 2. It is dealing with when the sale can be postponed after a first security interest satisfies the association super-priority amount. I am wondering about the wording of this. The sale may not occur unless a record of such satisfaction is recorded. Am I reading that wrong? Satisfaction to me means that the lien was taken care of and it was recorded as such—that the super-priority amount was paid off by the first security interest. I am wondering if that is worded correctly?

Senator Ford:
I am sorry, but I am trying to find the language.

Assemblyman Elliot T. Anderson:
I am specifically looking at lines 4 and 5 on page 13. It says, if the holder of the security interest satisfies the amount of the super-priority lien five days before the date of the sale, the sale may not occur. But then it says, "the sale may not occur unless a record of such satisfaction is recorded...." I do not understand what a record of satisfaction is, because I would take that to mean that a record of satisfaction means the lien was satisfied—it was paid off. I am wondering why it is fitting into the exception to the general rule of subsection 2.

Senator Ford:
I was listening to your question, but we have a different version of page numbers. Would you give me a section, please?

Assemblyman Elliot T. Anderson:
The language is in section 5, subsection 2. The exception starts on the fourth line of subsection 2. It does not make sense to me because the plain reading of that to me is you have satisfied something; you have paid off something. It does not seem to fit like it should in the exception. It should be that if you record the satisfaction, I would think that that is when the lien is paid, at least to the outside world, and there has been notice of that fact.

Senator Ford:
I hear what your question is; I am not certain I can answer that for you just yet.

Chairman Hansen:
Senator Ford, we have Committee Counsel looking into it and he is wondering as well. We will bypass that question and come back to it, perhaps if not in the hearing then during our work session.

Assemblywoman Seaman:
I want to clarify something. The FHFA is satisfied with this bill, and I think it is a great bill. Is it true that the litigation is moving forward because they really want to do away with the super priority and extinguishing the first priority lien? They are satisfied, but was this a question they were trying to work with you on with what they are in litigation over?

Senator Ford:
I will not purport to speak on behalf of the FHFA on that particular issue. I will say that he was very careful not to intertwine litigation conversation with legislative conversation. They have litigation going on and it is clear what their positions are because they say it goes into legislation. I think the statement that Assemblyman Anderson read a moment ago from the FHFA clearly delineates what they believe should be the state of the law and they can do what they want to in that regard. I can say that the notice provisions, the specificity provisions, the redemption provisions, and the other provisions that we have placed in this bill, the FHFA supports.

Assemblyman Ohrenschall:
My question has to do with the bill's section 2, lines 28 through 32, on page 10, changing the provisions about when an association may not foreclose regarding the foreclosure mediation program. Now the association, under the proposed language, would be able to foreclose if the homeowner is in arrears during the process of foreclosure mediation. What is the thought process behind it? I would think we would want to be shielded while mediation is taking place and hopefully get the person back on their feet.

Senator Hammond:
If they are in mediation and they are still paying their assessments, they will be all right. We are looking again at making sure they are still paying their assessments and still being a part of the process as they are going through it, but if they fail to do so, they could then be foreclosed upon.

Assemblyman Ohrenschall:
Under current law, as you understand it, even if they are not keeping current in their assessments, the association would not be able to foreclose, correct?

Senator Ford:
Not during the foreclosure mediation process, but those would still become due upon the ending of the foreclosure mediation process.

Assemblyman Gardner:
Section 5, subsection 5, talks about how the association can postpone a foreclosure sale by oral proclamation at the hearing. As of right now, I have had litigation issues on this when they postpone it. They will not tell anyone except for the people who were there, so they eventually pick and choose who is going to be at these hearings because they can move it at their discretion without any notice to any of the lienholders. Why is this still in here? I thought this was one of the things that was going to be fixed. Why would we allow people to postpone based on the oral proclamation?

Senator Ford:
Frankly, that was not one of the issues that I was looking to address when I undertook this bill. As you indicated, oral proclamations have been part of this current statute. I practice tangentially as well and I understand the concerns that can arise but, frankly, it was not one of the concerns that we were looking to address with this. We have added some additional provisions under that section that deal with oral proclamations indicating that if the sale is postponed by oral proclamation, the sale must be postponed to a later date at the same time and location. If such a date has been postponed by oral proclamation three times, any new sale information must be provided by the notice as provided in another part of the *Nevada Revised Statutes* (NRS).

Senator Hammond:
This came up when the work group started talking about how to make sure we make the process correct. As part of the process of oral proclamations, we also added language that was more specific so as to not allow these secret meetings

or secret sales to go on where all of a sudden you tell one person this is when the sale is going to take place. I think because of the other provisions we put there, we are going to see that the sale of the property is commercially reasonable.

Chairman Hansen:
Are there any questions? [There were none.] Senator Ford, do you have anyone else you would like me to call up at this time to testify in favor of the bill?

Senator Ford:
No, not anyone in particular.

Chairman Hansen:
Is there anyone in Carson City or Las Vegas who would like to testify in favor of S.B. 306 (R1)?

Senator Becky Harris, Senate District No. 9:
I am here to lend my support to S.B. 306 (R1). I want to give you a quick background on section 8.5 that came out of some discussion in the Senate. The reason we added it as an amendment was to help anyone who needed a notice of bank credit, union savings bank, savings and loan, et cetera, have one place they could go to in order to find contact information for that bank so they could be assured they were contacting the right individual at that bank with regard to default. I have a lot of experience with attorneys communicating with banks and I can tell you that it is very frustrating because the contact information changes constantly. If you try to look them up online, sometimes the information is old or has been changed. This was an attempt to help with the process in a practical way and to make sure the right people at the right institutions are being notified. That came about in response to a proposed amendment that I see the Nevada Bankers Association is also submitting to your Committee. Section 8.5 is still working in conjunction with section 3 where a copy of the notice is sent by certified mail and that is deemed notice to a lending institution for purposes of default and to not require confirmation of receipt from a lender with regard to that notice of default.

I can tell you I have represented many homeowners in default and I have yet to get any kind of a confirmation receipt from a bank with regard to submission of a document, whether that is email, fax, or written notice. It was a concern for me because I practice in this area from time to time with regard to the

practicability of the communication and making sure we can notice a lender without awaiting a response. I think section 8.5 adequately addresses that concern with regard to the one location where we can find the correct contact information for the lending institutions.

Chairman Hansen:
Do we have any questions specific to section 8.5?

Assemblyman Elliot T. Anderson:
Senator Harris has a lot of experience with foreclosure mediation, so I want to dovetail on Assemblyman Ohrenschall's question. I do not know if that provision makes sense because the whole point of the foreclosure mediation program is to get them back on their feet. Why would we allow another foreclosure to happen while they are in the process of this? Theoretically, the bank could take on the arrears, bring them current, and transfer that debt as a part of the deal for the foreclosure mediation program. Would we not want to give the homeowners some space to take part in that mediation?

Senator Harris:
I have that same concern and raised that during the hearing in the Senate. Because of time constraints and the need to get this onto the Senate floor, we were not able to appropriately address the issue. I think there were some fiscal note concerns as well. I would agree there are some concerns with regard to requiring a homeowner to continue to pay those HOA fees while they are part of the foreclosure mediation program. I think at some point you start income excluding people from remedies, and I have a real problem with that. Senator Ford and I had a fairly lengthy conversation about waiving those. The lobbyists for the HOA community have been very good and said they agree and they are willing to go ahead and waive those but we were just not actually able to achieve it in the time frame we had. If that is something this Committee would like to take up, I have a lot of expertise with regard to the foreclosure mediation program. I have been an appointed mediator with them for four years and I no longer serve in that capacity because of my state Senate service. I have also represented homeowners before that committee, so I could speak particularly to my experience. Verise Campbell, who is the director of that program, would also be a great resource. I would like to see some clarity with regard to what actually happens. At the end of the day in the Senate, we decided to go with current law. Current law is that you can still proceed with foreclosure. Current practice is that you do not. In order to provide that clarity for people who are in default and if that is something you would like to take up, I would be more than pleased to be helpful.

Chairman Hansen:
Is there anyone who would like to testify in favor of S.B. 306 (R1)?

Mark Leon, Private Citizen, Las Vegas, Nevada:
I support S.B. 306 (R1) because it protects the laws of homeowners in an association by placing the burden of collection costs onto the persons who caused the problem. Regarding foreclosures by an association for unpaid assessments, it gives both the homeowner and the mortgage holder one last chance to get right with the association, even after the sale occurs.

Finally, S.B. 306 (R1) prevents abuse of the foreclosure mediation process as a delaying tactic and reduces the burden on homeowners who are diligently paying their association assessments.

Glen Proctor, Private Citizen, Las Vegas, Nevada:
I support this bill. I think it does a marvelous job of cleaning up the communication between all parties and the super-priority lien. I also think it does a wonderful job of detailing that the collection costs are part of the super-priority lien. The problem is that if they are not, those costs do not go away. They are still there. They are absorbed by the HOA, which in turn means they are absorbed by the homeowners who have been paying their assessments. That is a wonderful part of this. Based on the testimony from the banks, the mortgage lenders, and the credit unions against the escrow one, maybe they are for this one, too, because it sure does clean up a lot of language.

Jennifer Gaynor, representing Nevada Credit Union League:
We support S.B. 306 (R1). This is an important bill and we believe it takes real steps to address the issues that Nevada faces today in light of the recent Supreme Court decision and the ramifications that it has for residential lending in Nevada. We really cannot overemphasize the danger facing Nevada's residential lending market where the FHFA has made it clear that they have real concerns with HOA super-priority liens being able to extinguish their loans. We also hope the steps taken in this bill will mitigate the bad HOA foreclosures and will be sufficient to protect Nevada's lending market and satisfy FHFA concerns. We believe the protections in this bill, including improved notice and a redemption period, do help with some of our major concerns. We thank Senator Ford and Senator Hammond for spearheading this effort. Procedurally, it gets a little complicated, but we do also support the amendments that you will see brought by the Nevada Bankers Association.

Again, this was genuinely a group effort and a consensus, with the exception of two of the bullets in the amendments. One of the two I would like to specifically address, which is to require the sale of a unit to be commercially reasonable. This provision is particularly important to ensure HOAs do not proceed with foreclosure sales that are far below market value. Noncommercially reasonable sales may adversely affect the lending market in Nevada. Property owners in the surrounding area who see the market value of their homes fall because similar properties have been sold at dramatically reduced prices is an ongoing issue. Overall, we support S.B. 306 (R1) and hope that you will adopt this bill. [Jennifer Gaynor submitted written testimony (Exhibit G).]

Jenny Reese, representing Nevada Association of Realtors and Nevada Land Title Association:

The Nevada Association of Realtors is in support of this bill. We applaud Senator Ford and Senator Hammond for their efforts in getting us all together. Maintaining lending in Nevada is an important aspect of Realtors and their business. In regard to the Nevada Land Title Association, we also applaud their efforts. We wanted to clarify on the record that if this bill is passed, it is not going to guarantee that title will issue insurance. They are going to have to look at each case on a case-by-case basis as to whether or not they want your title.

Diana Cline, representing SFR Investments Pool 1, LLC:

I have been a member of the working committee for S.B. 306 (R1). We have been involved in litigation concerning the interpretation of NRS 116.3116 for years, and we support S.B. 306 (R1) in its current form because it addresses the concerns in the dissent of the *SFR v. U.S. Bank* decision [*SFR Investments Pool 1, LLC v. U.S. Bank, N.A.,* 130 Nev. Adv. Op. 75, 334 P.3d 408 (2014)] and other practical concerns.

I have not seen all of the proposed amendments before this morning, but several of them would create some ambiguity in the statute and I have concerns about those. To address the "far below market value" prices at the sales, those days are long gone. As soon as the *SFR* decision came out back in September 2014, the next day the prices went to market. There is still ongoing litigation; purchasers at the sales have lowered the prices again but still they are nowhere near the situation of $6,000 for an $800,000 house. The statute, in its current form and in S.B. 306 (R1), would provide a process that would allow investors to go to the sales and bid up to the same amount that you would get at a bank foreclosure sale.

Steve VanSickler, Chief Credit Officer, Silver State Schools Credit Union, Las Vegas, Nevada:
The bill before us today assumes that a unit owner in a common-interest community has a lienholder obligation recorded against their home and strives to provide notice to regulated lienholders to satisfy past due obligations owed to the unit owner's HOA under NRS Chapter 116.

Today I appear before you to speak about our members and Nevada homeowners who own their common-interest community home free and clear. In a state with a Homeowner's Bill of Rights that provides for a foreclosure mediation program, no such mediation right vests to our members and Nevada homeowners who face foreclosure under NRS Chapter 116 or in this bill when they own their home debt free. *Nevada Revised Statutes* Chapter 116 provides only that they may appeal to the same HOA board that is seeking to take their home for past due assessments. Demographic and recorder's office data represents that as much or more than 70 percent of Nevada homes are in a common-interest community, and as much or more than 40 percent of those homes are free and clear.

Taking away a Nevada homeowner's most significant financial asset must come with significant protections, particularly when there is no recorded lienholder. Instilling a requirement that a super-priority lien on a free and clear home is protected under the Nevada Homeowner's Bill of Rights and that mediation is required, not elected, is a step in the right direction, but excluding a super-priority lien right, under NRS Chapter 116, for free and clear homes is a better solution. Many Nevada homeowners who own their homes free and clear are elderly or infirm and may suffer from diminished mental capacity or have other health issues. Falling behind on HOA assessments may not come with a recognition that they could lose their home.

Jonathan Gedde, Chairman, Board of Governors, Nevada Mortgage Lenders Association:
The Nevada Mortgage Lenders Association has been part of the working group since October 2014. I would like to thank Senators Ford and Hammond for their excellent work on this bill and getting many divergent groups together to try to reach some common goals. We are certainly proud of most of the compromises reached within it. We support S.B. 306 (R1) for providing the desperately needed clarity to a process that has been incredibly vague, which has led to extensive litigation. We also support this bill for introducing fairness and reasonableness to the process.

As Nevada mortgage lenders, our primary goal is to ensure continued access to affordable mortgage financing options for all Nevadans. The issue of super-priority liens has been a growing national topic garnering the attention of every federal lending agency and enterprise. It is imperative that we act to add clarity, certainty, and reasonableness to the process of super-priority lien foreclosure. While there will continue to be concerns about other sections of existing law, as evidenced by Mr. Pollard's testimony on the bill in the Senate and practices under that law, this bill is a great step in the right direction.

I would like to share with you a couple of the remarks from Mr. Pollard's testimony. He said Senate Bill 306 (R1) as amended "would improve elements of the current statute for parties in interest including unit owners and lenders in some of the majority of amendments to improve current law and current statute…The FHFA finds most provisions of S.B. 306 (R1) improve the situation from lenders and secondary participants in Nevada and support common interest communities." I would add to those comments that Nevada homeowners benefit by the changes made in this bill as well. Taking away someone's property that is worth hundreds of thousands of dollars is not a matter that should be taken lightly and there are quite a few consumer protections in this bill. We certainly support S.B. 306 (R1), but would like to stipulate to the Nevada Bankers Association's amendments that we are in support of those amendments as they will testify to shortly.

Silvia Villanueva, representing One Nevada Credit Union:
We would like to express our support for this bill and also thank Senator Hammond and Senator Ford for bringing this bill and supporting the underlying goal of addressing the HOA super-priority issue. We specifically support section 3 of the bill, which requires that notice be provided to the lender in the event of an HOA foreclosure. We also believe it would keep homeowners in their homes and allow us an opportunity to protect our interests.

Chairman Hansen:
We will now go to opposition testimony.

Jon Sasser, representing Legal Aid Center of Southern Nevada:
I like 90 percent of the bill, and with one amendment, I will be happy. I was very pleased and honored to serve on the interim working group with Senators Ford and Hammond, and I think they did a tremendous job. Again, I support 90 percent of what is in here. I think it is a step forward. I have two remaining concerns, and I have addressed those in a proposed amendment (Exhibit H).

The problem that is to be addressed by this bill I do not think is still addressed. In my Senate testimony, I called this the elephant in the room, which is the FHFA. Yes, they came to the table and said they supported the bill. Yes, they said it improves the situation in Nevada, but they were a long way from saying they will not continue to file lawsuits against everyone who buys one of these at a sale. I think there are 12 pending in Las Vegas right now. I think both the statement they put out last week about their intent to file such lawsuits and the testimony in the Senate when he gets to the part following what was read about his reservations indicates they will continue to do that. I think it is also clear in terms of underwriting loans in Nevada, that as long as we have a super-priority lien in Nevada that trumps the first, there is real danger in terms of people being able to get these loans in Nevada and for those to be packaged in other parts of the country. I propose an amendment basically borrowing the language of Assemblyman Gardner in Assembly Bill 359 (1st Reprint), which would make it clear that the first is not extinguished. I think for 80 percent of those people in Nevada who are looking to the FHFA to back their loans, that is the best for our real estate market and the best for Nevada homebuyers and consumers.

The second amendment is against the change in current law that puts the collection cost in the super-priority lien that is in the bill. I think one of the major problems with our current system is that collection agencies are basically able to go to HOAs and say, give us your account, it will not cost you a penny, we will get you your money back, and you do not have to worry about what we get out of it. As a result, accounts are turned over to them, they begin running up the cost very rapidly, and then this bill is some $1,400 that would be blessed to be put into the super-priority lien. Those are done very quickly in the process, and I think that putting those collection costs into the statutes encourages that practice to continue. Does it make a difference in terms of whether it is the investor or the bank that gets the money at the sale? Not to my clients. Our clients are concerned, however, because in 90 percent of the cases these do not go to sale. They are settled prior to sale, and I think in 50 percent of the cases, the homeowners respond within the first 60 days under the new 60-day letter we got in the last session. After that it is a combination of homeowners and banks stepping up to the plate. Once they fall behind, they are the ones who have to come up with this money, so I cannot support the bill as long as those collection costs are in there. That is in my amendment as well.

Samuel P. McMullen, representing Nevada Bankers Association:
I would like to explain that. We were a great part of this bill and its interaction to get it to this point. We started off by proposing a basic draft that I think in great part has made it here, but our understanding of the rules is that if we are

going to propose an amendment, we have to oppose. I want to commend Senator Ford and Senator Hammond and the interests of Senator Harris as well because I think we have made a lot of progress.

This bill will work only as far as it goes. What is going to happen in Nevada is we are going to have two types of loan structures for homeowners. One this will clearly apply to will be all private loans. There will be no government servicing entity, which is what the technical term is for the Federal Housing Administration (FHA) or other governmental lenders. The Federal Housing Finance Agency (FHFA) is now the organization that manages those in conservatorship. That is why you hear about this new set of letters, but it is all the same, so I am going to call them either government servicing or federal programs.

If you have a loan that has no federal program, no FHA loan, no Fannie Mae or Freddie Mac, or any of that, then this will still apply to those because everything will be as normal. If it has 80 percent of the loans in Nevada, be it 70 percent or higher—actually, Mr. Sasser is my source on this because he cares about exactly what is offered to people, and right now, FHA has a 3 percent package you can get. It is a wonderful thing for our borrowers in Nevada, but we want to make sure they get to it. I appreciate Senator Ford's testimony that Mr. Pollard spoke grandly to the bill, but after his testimony after the bill came out, there are two things we forwarded to you, a statement last week from the FHFA (Exhibit I) and then also the December 22 statement they have given (Exhibit J), he indicated that they—and he was consistent in this—still have serious concerns about the extinguishment of any federal loan. They will not countenance it, they will fire on it in court, and they have.

The last paragraph of the December 22 statement (Exhibit J) says that they will "aggressively" protect themselves "by bringing actions to void foreclosures that purport to extinguish Enterprise property interests in a manner that contravenes federal law." We are going to have a lot of litigation. What is in front of you is a hybrid system where we are going to have two types of loans with different rights that bankers are going to have to try and figure out. Even if there is a first that is a federal loan, there is probably going to be a private second. How do those interests juxtapose themselves? The interesting decision you have is whether or not you are going treat all loans the same in Nevada. The FHFA is very aggressively sending out the notice to all of us that they do not like the right of extinguishment in Nevada law. I think you are going to have to deal with whether there are going to be two types of loans and whether you are going to subject people to this kind of lawmaking by litigation.

What we do not want to do is to finish this session and then find out we did it wrong. The people who will be affected are going to be your constituents, and they are going to be the people who are relying on the ability to get an FHA loan or secondarily, which is equally important to banks and to unit owners, is that a bank will issue a loan, but then they will package the loan up and give it over to the federal agencies and if they do not take it, then all of a sudden our capital is limited for additional loans. There are a lot of implications here and this is a very hard issue for you. Again, we are fine with S.B. 306 (R1) to the extent it operates, and we think it will on a component of these. But the issue is going to be, if the first does not extinguish and the second does, how does that lender protect itself? This goes so far, but you still have a lot of other issues.

In the interest of time, I submitted an amendment that is basically about 90 percent of what I submitted to the Senate committee, but we were too late for it to be considered. We told them we would bring it over here. It may be that you delegate one of your individuals on the Committee to work with all of us about those. There is a lot of agreement in those. You will see in the amendment that I have noted the agreement of the mortgage lenders, the Realtors, and the credit unions. We do not presume to speak for the Community Associations Institute, but I think there are significant portions of those amendments that are okay with those. They are cleanup in some ways, but I do not want to take the time to go through that amendment today and I do not think you want me to either. [Samuel McMullen submitted a proposed amendment (Exhibit K).]

Chairman Hansen:
We will be working on it. We are definitely interested in the amendments, and know that the Senators were encouraging us to look into it. It is not often that I see Mr. Sasser and the bankers on the same page.

Assemblyman Elliot T. Anderson:
You talked about the costs of collection being in the super-priority lien. If we are going to write the cost of collections into the super-priority lien, would it not be good to get a handle on those and have some certainty of what the cost collections are? I believe the bill would anticipate being referred to regulation from the Commission on Common-Interest Communities and Condominium Hotels. Why is extinguishment still needed for the HOAs? I feel there was a time when the world was rocked by the foreclosure crisis and this law that was first drafted in 1991 had really never been used. We had never really seen it being used. It was priority in proceeds for a long time. Do you think—speaking for the Nevada Bankers Association—that you have your act

together now and you have some clarity about mortgage finance and all the different foreclosure happenstances that have been going on in our market? Is this really an issue where the bank is not up there protecting its interests now? Do we need to extinguish your right if you miss one?

Samuel McMullen:
We started on this process of trying to find an alternative but we knew full well that somewhere in this session the issue of the federal loans and their extinguishment was going to have to be addressed. In our opinion, for you that issue is only addressed by a statement of such significant comfort that loans will still be issued, loans will still be packaged, and litigation will not occur on those loans. Unless you have that level of comfort—which does not exist today—you also have to solve this problem. One of the things I want to say is that this really was a function of the depressed economic circumstances that we had over the last few years. Homeowners' association foreclosures are a relatively new phenomenon and the utilization of the super priority for a $6,000 sale to void $800,000 worth of loans is a business and commercial anomaly. Almost every legislator I have talked to thinks that is very unfair.

I believe that after the Assembly Committee on Government Affairs hearing tomorrow afternoon, we will probably agree to support Mr. Sasser's amendment (Exhibit H). What will still happen under NRS 116.3116 is that the level of priority for the HOA amounts that are due will still be higher than a second on the property, although Mr. Sasser's amendment would also change it. They would still have the right to foreclose; they just would not have the right to foreclose in a super-priority way with the extinguished measure loans on the property. They would have a definite super priority as to payment under Mr. Sasser's amendment, so they would be the first to get their money.

Chairman Hansen:
Mr. McMullen, we are way beyond Mr. Anderson's question. Mr. Anderson, if that did not fully satisfy your question, please meet with Mr. McMullen or Mr. Sasser afterwards.

Assemblyman Nelson:
It seems to me that what we are going to have to do is take what Assemblyman Gardner has proposed in Assembly Bill 359 (R1) and possibly find a way to compromise or to incorporate it into S.B. 306 (R1). The concern I have is that number 20 on your proposed amendment (Exhibit K), you want to put back into the bill "commercially reasonable transactions." The problem I have with that is that it eviscerates any possibility of finality, and we are

trying to get finality. If you put that back in there, it is just rife for litigation, is it not? If the banks are getting their right of redemption, do you really need that commercially reasonable transactions part in there?

Samuel McMullen:
It is an important piece, not just to us but to the mortgage lenders. I understand your point. I think finality is a very important point. The issue is driven by the fact—which is not necessarily totally correct if it were up to market value prices on these sales. I know that was testified to, but we are still at a different market level. I think the issue is trying to make sure that people get their money. One of the things I think is very important and is being missed—even by the HOAs, who are telling us that they do not really care what happens to the unit owner or the unit owner's loans and they are maximizing those payments. They just want their payments. Basically, what we are trying to do, "commercially reasonable," in one of its greatest parts, is about process, but the more important part is about price and making sure that the value is there. That value actually protects the unit owner by maximizing the money coming towards paying off their debts. If we extinguish them all, wonderful. But if we do not, they are still on the hook for a number—that is a very important point for unit owners. We will be happy to work with you, but we dumbed it down, so to speak, to just make the law "commercially reasonable transactions," which should govern anyway.

Assemblyman Nelson:
Who is going to determine that? The court?

Chairman Hansen:
You will need to take that one up after the hearing as we are up against the clock right now. We are going to go to the neutral position at this time.

George E. Burns, Commissioner, Division of Financial Institutions, Department of Business and Industry:
I am here in the neutral position to state that although we are generally neutral with regard to S.B. 306 (R1), we have some questions and concerns regarding Amendment 442's addition of section 8.5 that prescribes an unfunded mandate for the Financial Institutions Division to establish, maintain, and publish on its website a listing of all financial institutions that are the mortgagee or beneficiary of the deed of trust under certain residential mortgage loans. Our questions are regarding the definitional intent of section 8.5 as it amends NRS Chapter 657, which is the Division of Financial Institution's general provision statute. We understand the intent of this section is to provide borrowers and unit owners in associations with a single point of contact. However, the problem

we run into is that the statutory definition of a financial institution under NRS Chapter 657 is that it is a depository institution, which only includes those institutions that accept deposits, such as banks, credit unions, and thrifts. There are approximately 61 state and federal depository institutions that operate in Nevada. There are approximately 450,000 residential real estate mortgage loans in Nevada, according to the Mortgage Bankers Association's National Delinquency Survey 2014 fourth quarter report. There is not going to be an easy way to determine what percentage of those 450,000 loans are held by depository institutions, what percentage of them are held by the expanding nondepository mortgage industries and their companies such as Quicken Loans or LendingTree, or what percentage of mortgage loans are held by the federal agencies such as Fannie Mae, Freddie Mac, FHA, and the U.S. Department of Housing and Urban Development. If the definitional intent of section 8.5 is to provide borrowers and HOAs with a point of contact for entities that may hold a Nevada residential real estate loan, then perhaps the use of a term other than financial institution is necessary to accomplish that intent.

Our concerns are regarding the regulatory authority to administer the process of gathering the information required by section 8.5 and updating that information over time, posting it to the Division website, et cetera. We respectfully request—and I have been in contact with the sponsors of the bill—in order to accomplish these technical logistics, that section 8.5 contain language similar to that in other statutes the Division is responsible for, such as information required by this section to be submitted shall be done in a manner of forms prescribed by the Commissioner of the Division of Financial Institutions.

I thank you for your time and consideration of our questions and concerns. I know they tend to be small and technical with regard to all the other issues that you are contending with in this bill; however, it will have a major impact on the Financial Institutions Division, depending on how massive this list ends up being.

Chairman Hansen:
If you would like to submit those to anyone who is on this Committee, I would definitely be interested in looking at those for purposes of an amendment.

Marilyn Brainard, Private Citizen, Sparks, Nevada:
As Senator Ford and Senator Hammond have shared, we have heard that S.B. 306 (R1) is the product of a protracted study group that came together with the understanding that no one person's interest was going to rise above another's. From my viewpoint as a homeowner, we do not hear as much from that aspect of this problem. Some detractors are concerned that permitting an association to preserve its interests by taking the extreme step of foreclosing

when all other remedies have not achieved the goal of collecting assessments owing it will create havoc in the housing market. In particular, input from one federal agency which has been mentioned today—the Federal Housing Finance Agency, which oversees Fannie Mae, Freddie Mac, and the Federal Home Loan Bank system, which does not oversee FHA, by the way—to stop securing mortgage loans in our state or, as it threatened in some other states, to raise mortgage fees. However, very recent history belies the claim made during testimony in this session by Mr. Pollard.

In April of this year, FHFA completed a year-long review of pricing for the government-sponsored enterprises (GSE) mortgage guarantee fee structure, and FHFA refused to allow the GSEs to charge higher fees in states with statutes that delay foreclosure. Fannie Mae and Freddie Mac, the enterprises or GSEs, mortgage servicers have ignored contractual obligations to preserve GSE collateral in community associations. Mr. Pollard's statement in its entirety was not vetted by the Office of Management and Budget or the Obama Administration. Accordingly, the statement does not represent the view of the federal government or the Obama Administration. The Legislature here must consider the long-term impact on homeowners and associations if the only effective remedy to correct servicer negligence is weakened or otherwise impaired. [Read from written testimony (Exhibit L).]

In 2014, Fannie Mae reported acquiring 19,094 mortgages in Nevada. While this volume does not represent a considerable percentage of Fannie's total book of business, it is unlikely the enterprise will exit the state and cease to purchase or guarantee mortgages for up to 19,000 homeowners. The FHFA's outsized influence—which we certainly heard about today—in housing policy is temporary, and much of its extraordinary authorities will expire when its conservatorship of Fannie Mae and Freddie Mac ends. Nevada lawmakers should resist sweeping, long-term changes to Nevada statutes under threat from an agency that is exercising temporary authorities.

Please be sure when you are looking at all the amendments being presented today to remember we need to achieve the goal of fairness to all affected parties, not just to one. Please do not forget the more than 3,000 common-interest associations in this state and, in particular, their one million residents, who deserve no less. Thank you for the opportunity to make a statement. [Marilyn Brainard submitted prepared testimony (Exhibit L).]

Garrett Gordon, representing Community Associations Institute and Southern Highlands Community Association:
We are in the neutral position, respecting the process that has occurred since September. I will make five points, and I look forward to working through these amendments with any subcommittee.

Regarding the amendments by the Nevada Bankers Association, I appreciate they included many of the Community Associations Institute's suggestions with little clarifications like business days and calendar days. I object strenuously to "commercially reasonable transactions." Assemblyman Nelson hit it on the head. We are going to be in litigation determining whether or not our sales are commercially reasonable. On confirmation of receipt, as Senator Becky Harris confirmed about her practice as did Senator Segerblom on the record, they are in litigation with banks all the time and never get any confirmation of receipt with anything they send, so we would object to amendments 5, 6, 17, and 20.

We strenuously object to Mr. Sasser's proposed amendment. I would say that is new. We all came to the table with our respective clients and our respective issues. I would also say that all substantive issues have been resolved including collection costs coming in at a discounted rate in exchange for redemption, in exchange for more notice. It is a huge collaboration, so I respectfully ask you to reject any big substantive amendment like Mr. Sasser's or the bankers' that changes the hard work that we have done with the sponsors over the last six months but maybe for some additional clarifications in the amendment.

Chairman Hansen:
Is there anyone else who would like to testify in the neutral position on this bill? [There was no one.]

Senator Hammond:
I understand, and I want the Committee to understand, there has been a lot of work on this. Those who came up in support, opposition, and neutral all have had a say in what the process was. Having heard Mr. McMullen, in submitting several amendments, one would get the impression that he was not part of the process at some point, and that is far from the truth. We had consensus from a lot of different stakeholders and Senator Ford listed those stakeholders. What you have before you is a consensus of what most of them brought to the table. We had agreements on major items.

I would also submit for the record that Mr. Pollard came all the way from Washington, D.C., to testify at the hearing. I would submit that what the Senator said as his understanding of support is true, and the way I understand it as well. If you were to say that this bill is not necessary, I think nothing would

be further from the truth. I think this bill is necessary. It does move the law forward, it clarifies a lot of things, and he was very satisfied with the process as far as the way lending would go. I cannot speak for the FHFA, but I am telling you that is the impression we all received when he came out here and spoke to us. He was also there when several of these amendments were brought to the table and he objected to several of them. During the testimony, he would lean over and tell us that he thought that it might muddle the issue.

As to Assemblyman Nelson's question, we thought that when you talk about commercial reasonableness, the idea of a process being put into place that allowed for a light to be shone on that process was more important than anything else—to make sure that everyone was noticed, and told where the next sale would take place. We put all those provisions into S.B. 306 (R1) to help raise the commercial reasonableness price up to what it should be, as long as you have enough participation in it. It is not necessarily what the outcome should be, and I think that will take care of the litigation. I do not want to go into litigation either, so I think that process is really important.

Sometimes in listening to Mr. McMullen, I am confused. He was at the table more often than anyone else. He was there, participated, and accepted a lot of what was going on. I am glad he was not there when I was deciding whether or not to get married because one day he would have said yes, get married, and then the next day there would have been 15 amendments on why I should not get married. That would have been very confusing to me.

Senator Ford:
In law school I took a class called Legislation, and one of the things the professor taught us was that you do not have to try to solve every single problem with one piece of legislation. What we are trying to solve is a notice of specificity issue and we have done that. We have ensured that notice is given to people who are interest holders on a home that is about to be foreclosed on and the super-priority lien process. We have provided the specificity in that notice, which was lacking according to the people who were complaining about it.

We have provided something that I was adamantly opposed to—redemption opportunities. If the notion is to try to avoid foreclosure, you should not have redemption opportunities on the back side to where all you have to do is wait anyway, but you have that opportunity as well. What you have here is an opportunity for us to move the ball forward on an issue that is important. There are other issues that are outstanding. Everyone always wants more. You have seen amendment after amendment after amendment from people who want more. This bill is limited in the sense that it wants to address the notice of

specificity requirements that must be undertaken when you deal with a super-priority lien issue. I think what you have seen is a quintessential example of compromise legislation. I am satisfied with the bill as it currently exists. I will have to leave the questions related to section 3.5 to Senator Harris. The ones as they relate to what the Commissioner indicated, we will be happy to work with him in that regard.

The final point that I will make is something that Senator Hammond has already stated. The FHFA has their position. There is no question about it. They are going to litigate and argue as they have their right to do. I cannot operate on a contingency that they will or will not. Mr. Pollard, by the way, has the authority to come up and say whether they would or would not continue to give loans if this bill would have passed. He was here to say that this bill provided the notice, the specificity, and the redemption provisions that would be satisfactory to them and, therefore, he could approve it. Ultimately, what we are asking for is approval of this particular bill. If they want to address other issues that are not addressed here, they have other vehicles that they have referenced—Assemblyman Gardner's bill, for example—and other vehicles that they can look at in that regard.

Chairman Hansen:
We will close the hearing on S.B. 306 (R1) and open it up for public comment.

Lorne Malkiewich, representing Expedia:
I learned that a bill I discussed with you—and I think I told many of you—had no fiscal impacts. We have since heard that the Office of the State Treasurer has reconsidered this and now believes there is a fiscal note. I want to assure the members of the Committee that the amendment would not have been put into the bill in the Senate had we not been assured there was no fiscal note. As of the minute I walked up to the witness stand, that was my belief. We will work with the Treasurer to try to resolve this issue. I still do not understand how an amount owing between two businesses with an ongoing relationship is subject to unclaimed property laws, but we will work with the Treasurer and try to resolve that issue.

Jonathan Friedrich, Private Citizen, Las Vegas, Nevada:
I would like to clarify some points that Chairman Hansen made in regard to Assembly Bill 233 (1st Reprint) when he introduced it and some items he admitted he knew nothing about. The Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels cannot help owners if it is a dispute concerning their covenants, conditions, and restrictions (CC&R).

The Ombudsman can only deal with violations of Chapter 116 of the *Nevada Revised Statutes* (NRS). That is what the law says. The wait time for resolution by or help from the Ombudsman can be months or years, if ever. If you want the Legislature to be relieved of dealing with homeowners' association (HOA) bills, then untie the hands of the Ombudsman. Let her deal with owner-board disputes which currently make up the bulk of the bills before you. The Ombudsman can only deal with NRS Chapter 116 issues. That is what the Legislature put into NRS Chapter 116. The Office of the Ombudsman needs to be fixed by the Legislature.

As regarding the Commission for Common-Interest Communities and Condominium Hotels, it is made up of a majority of HOA industry people who do what is best for their industry. It does not deal with owner-board disputes. In my opinion, this Commission is corrupt by having violated state law. All the Commissioners were told was that adopting an advisory opinion was prohibited by state law. *Nevada Revised Statutes* 116.623 does not allow the Commission to do this. This can be found in the minutes of the Commission meeting in May and again in December 2010.

When I was a Commissioner, in December 2013, I asked the Attorney General for a decision on this matter. In a letter dated February 14, 2014, Chief Deputy Attorney General Gina Session stated that the Commission exceeded its authority and violated NRS 116.623. What the Commission did here was cost taxpayers millions of dollars. The Commission has limited authority. It can only adjudicate violations of NRS Chapter 116, write regulations, and approve educational courses. That is it.

Tyrannical boards can make up any oppressive rules they want in addition to the CC&Rs. If you violate them, you get fined. When owners seek relief, they can only find it here with you. That is why you wind up with trashcan statutes, political signage regulations, flag regulations, and anti-retaliation laws just to name a few of what Chairman Hansen spoke about on April 2, 2015. These are not frivolous matters when fines are involved. People want to live their lives without interference from overzealous and petty board members. That is why you get all these bills in the Legislature. You must understand that HOA boards have powers over owners including fining them, and fine them $100 a week they do. The Legislature can prevent this by giving the homeowners the protection they need.

Chairman Hansen:
If you have any amendments on Assembly Bill 233 (1st Reprint), I am ready to listen. You know where I want to go with it.

Jonathan Friedrich:
Actually, if you leave that bill alone, I would love it; just get the Attorney General to take care of the Office of the Ombudsman.

Chairman Hansen:
All you have to do is talk to them and get them on board.

Jonathan Friedrich:
I am in the process of doing that.

Chairman Hansen:
Is there any further business for the Committee at this time? [There was none.] This meeting is adjourned [at 11:25 a.m.].

RESPECTFULLY SUBMITTED:

_____
Linda Whimple
Committee Secretary

APPROVED BY:

_____
Assemblyman Ira Hansen, Chairman

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Judiciary

Date: April 28, 2015 **Time of Meeting: 7:59 a.m.**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 389	C	Mandy S. Shavinsky, representing the Common Interest Community Committee, Real Property Section, State Bar of Nevada	Memorandum
S.B. 260 (R1)	D	Senator Becky Harris	Document
S.B. 260 (R1)	E	Jennifer Gaynor, representing Nevada Credit Union League	Memorandum
S.B. 174 (R1)	F	Senator Scott Hammond	Memorandum from Common Interest Community Committee, Real Property Section, State Bar of Nevada
S.B. 306 (R1)	G	Jennifer Gaynor, representing Nevada Credit Union League	Testimony
S.B. 306 (R1)	H	Jon Sasser, representing Legal Aid Center of Southern Nevada	Proposed Amendment
S.B. 306 (R1)	I	Samuel P. McMullen, representing Nevada Bankers Association	"Statement on HOA Super-Priority Lien Foreclosures, 4/21/15"
S.B. 306 (R1)	J	Samuel P. McMullen, representing Nevada Bankers Association	"Statement of the Federal Housing Finance Agency on Super-Priority Liens, 12/22/14"
S.B. 306 (R1)	K	Samuel P. McMullen, representing Nevada Bankers Association	Proposed Amendment
S.B. 306 (R1)	L	Marilyn Brainard, Private Citizen, Sparks, Nevada	Testimony