

March 29, 2021

The Honorable Majority Leader Nicole Cannizzaro
401 South Carson Street
Carson City, NV 89701

Dear Majority Leader Cannizzaro,

The following organizations are respectfully opposed to Senate Bill (“S.B.”) 159:

- Reno/Sparks Chamber of Commerce
- Nevada Credit Union League
- Nevada Bankers Association
- Vegas Chamber of Commerce
- Nevada Land Title Association
- Nevada Mortgage Bankers Association
- Henderson Chamber of Commerce
- Nevada Association of Realtors

S.B. 159 takes a well-established and well-functioning foreclosure process, makes sweeping changes to it, and introduces several layers of operational complexity without any proof that upending the existing process will lower vacancy rates and/or increase owner-occupied housing in Nevada. In fact, the confusion and unnecessary complexity will likely yield a reduction in foreclosure bidders, lower housing prices, harm homeowner equity, and lengthen the amount of time a foreclosed upon home will remain vacant.

As the pandemic-related moratoriums end, there will inevitably be an uptick in foreclosures due to those homeowners who must transition out of their current homeownership situation. Currently, the vast majority of homeowners have equity in their homes due to stricter underwriting and a healthy real estate market. This equity will allow these homeowners an opportunity to transition to their next housing situation with greatly needed cash in hand. Every effort should be taken to preserve this equity and allow smooth market operations and a graceful transition for every homeowner. Maximizing the sale price of homes helps maintain a healthy real estate market and benefits the exiting homeowner. All proceeds in excess of the amount needed to satisfy any lender or lien holder go to the borrower and will help them transition to a new housing arrangement. Lowering sales prices will be to the detriment of these homeowners, many, who through no fault of their own, are only in this situation due to the COVID-19 pandemic.

S.B. 159 proposes needless delays in a well-established process. If a “super bidder” (*e.g.*, a tenant or a nonprofit) wants to bid on a home, there is nothing preventing them from doing so at property sale. Delaying the finality of a foreclosure sale by an additional 45 days only extends the amount of time a property is vacant and in a “limbo” timeframe with respect to property maintenance. If the goal is to put people into vacant properties, S.B. 159 would actually slow down that process. For example, say that there is a vacant property and that a party not described as a super

bidder in S.B. 159 is the winning bidder at the foreclosure sale. The “regular bidder” must sit on the vacant property for 45 days to see if there is any potential super bidder that comes forward. In that 45-day period, the regular bidder could have already sold the property to someone who wants to live in the house. Further, while S.B. 159 would assign priority status to a bid from a self-proclaimed owner-occupant, there is no mechanism for ensuring or enforcing that the bidder claiming this status-elevating position will actually ever occupy the property.

As a practical matter, properties cannot be “bundled” for sale in a typical residential foreclosure: if Ms. Smith’s home is bundled for sale along with Ms. Jones’ home and sold for one amount, how could anyone determine how much each property sold for, such that the former owner could be paid any surplus proceeds? For this reason, the statement prohibiting bundled sales and requiring that each property to be bid on separately adds confusion to an already clear matter.

Lastly, S.B. 159 proposes to increase the penalty for failing to maintain properties following foreclosure from up to \$1000 per day to up to \$2,000 per day. This increase is presented without any evidence that the penalty amount in current law is not working to achieve the intended effect. We believe that current law, amounting to \$30,000 *per month*, provides a very robust incentive to maintain properties. The impact of doubling this fine will hit the individual owners and owner occupants the hardest. The bill also creates a new 45-day window where there is no real owner tasked with property maintenance.

While very well-intentioned, we encourage legislators to investigate whether S.B. 159 will harm Nevadans that may be facing foreclosure, homeowners throughout the state who currently have equity in their homes, and overall occupant ownership in the real estate market. We urge your opposition of S.B. 159.

Sincerely,

Reno/Sparks Chamber of Commerce
Nevada Credit Union League
Nevada Bankers Association
Vegas Chamber of Commerce
Nevada Land Title Association
Nevada Mortgage Bankers Association
Henderson Chamber of Commerce
Nevada Association of Realtors