



**NON-EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 27, 2015

Agency Submitting: Administrative Office of the Courts

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
Personnel (Expense)		\$45,573	\$62,138	\$125,000
Operations (Expense)		\$18,907	\$14,013	\$29,000
Mediation Service Fees (Revenue)		\$162,400	\$189,200	\$378,400
Mediation Services (Expense)		\$108,000	\$162,400	\$366,400
Reserve Mediations in Process (Expense)		\$54,400	\$81,200	\$183,600
Balance Forward Cash for Mediations in Process (Revenue)			\$54,400	\$171,600
Total	0	(\$64,480)	(\$76,151)	(\$154,000)

Explanation

(Use Additional Sheets of Attachments, if required)

The Foreclosure Mediation Program projects an unfunded mandate of \$64,480 in FY 2016 and \$76,151 in FY 2017 if this proposed legislation were to become law (see NRS 107.080, which applies to trustees NOD filing fee, and NRS 107.090, which applies to homeowners association filings (no fee). See also NRS 116.31162.

The fiscal analysis provided by Verise Campbell, Manager of the Foreclosure Mediation Program, is attached.

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Title Budget Manager

REVISED Fiscal Note: AB 259 (BDR 9-181) – HOA Foreclosure Mediation

Prepared by Verise Campbell, Manager of the Foreclosure Mediation Program

AB 259 (BDR 9-181) will increase the number of homeowners participating in mediation by including HOA Notices of Default (NODs) in the State of Nevada Foreclosure Mediation Program (FMP). The bill draft also requires mediators to consider beneficiary compliance with promissory note modification and evaluation of note and property values.

Additional paperwork generated by the inclusion of HOA NOD mediations will require one additional full-time equivalent (FTE) to accommodate the increase in mediations and an increased operating budget to process documents, including Certificates of foreclosure.

The bill draft will require a change to the FMP Case Management System (CMS) to track HOA foreclosure mediations to accept HOA notices of defaults and homeowner requests for mediation. The modifications to the CMS will add an HOA case type, scheduling triggers, data entry screens, and reporting screens.

Due to the complexity of evaluating property and loan values, additional training will be required to prepare mediators for the inclusion of promissory note modifications and documentation of beneficiary compliance.

The FTE will process the addition of HOA mediation funds, mailings, HOA requests, and communication with parties to the mediation. Supplemental funding to accommodate these salaries, modification of the CMS, and additional operational expenses will be required by this bill draft.

Fiscal Impact for Proposed HOA component		
Description	FY 2016*	FY 2017
FTE	45,573	62,138
Operating Supplies	250	333
Printing	728	970
Postage State Mail ¹	4,194	5,592
Information Technology ²	13,235	6,618
Mediator Training	500	500
Total Costs	64,480	76,151

*Based on October 1, 2015 effective date.

The program has reached out to real estate professionals to ascertain the number of HOA NOD filings monthly to no avail. However, if HOA NODs were filed at 50 percent of the current projected NOD filings, that would equate to 2,708 HOA NOD filings annually in 2016, resulting in a fiscal impact of approximately \$64,480 in FY 2016, and \$76,151 in FY 2017 for 3,153 NODs. These figures do not include Mediation Services Fees and are based on projected workload generated from 15% participation rate.³

¹ Estimated additional monthly printing is \$466 for mailing of approximately 11,200 postcards, and 1,900 Certificates per year.

² Approximately 52 hours required for Case Management System enhancements to include HOA component in 2016; and subsequent system changes in 2017.

³ The FMP has not been able to ascertain the exact number of Home Owner Association Notices of Default filings per month at this time.

This bill draft does not contemplate a fee structure to support the FMP.

Mediation Services Fees

2016 – 15% of 2,708 = 406 (Mediations) x \$400 (Mediator Services Fees) = \$162,400 annual

2017 – 15% of 3,153 = 473 (Mediations) x \$400 (Mediator Services Fees) = \$189,200 annual

It is projected that an additional 2,708 Notices of Defaults will be filed in FY 2016. Using the projected rate 15% for homeowner participation it is estimated 406 homeowners will enroll in the FMP under AB 259 in FY 2016. That will result in the annual collection of mediation services fees in the amount of \$162,400 (based on 9 months due to October 1 effective date). In FY 2017 it is estimated 473 homeowners will enroll, which will result in the collection of \$189,200 in mediation services fees. These fees are passed through to mediators upon completion of mediation, and cannot be used for operational expenses.