

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON JUDICIARY**

**Seventy-Eighth Session
June 1, 2015**

The Committee on Judiciary was called to order by Chairman Ira Hansen at 10:45 a.m. on Monday, June 1, 2015, in Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 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
Assemblywoman Michele Fiore
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)
Assemblyman David M. Gardner (excused)

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Diane Thornton, Committee Policy Analyst
Brad Wilkinson, Committee Counsel
Janet Jones, Committee Secretary
Jamie Tierney, Committee Assistant

OTHERS PRESENT:

Ben Graham, Governmental Relations Advisor, Administrative Office of
the Courts

Chairman Hansen:

[Roll was called, and protocol was explained.] We have one bill on the docket, which is Senate Bill 512 (1st Reprint), and it will be presented by Ben Graham.

Senate Bill 512 (1st Reprint): Abolishes the Foreclosure Mediation Program.
(BDR 9-1287)

**Ben Graham, Governmental Relations Advisor, Administrative Office of
the Courts:**

We have heard during the session a number of discussions on the Foreclosure Mediation Program. It has been bandied about that the program may have gone through its usefulness, but then there was a determination that it would be better, rather than to simply stop the program at the end of this fiscal year, to extend it for another two years with a wind-down date of June 2017. From that, we came upon Senate Bill 512 (1st Reprint), which essentially continues the Foreclosure Mediation Program through June 2017. It is currently funded through June 2017, but not past that. Basically, this continues the program but also asks that people quit getting new cases into the program in December 2016 and that way there will be funding and a procedure to close this program out in June 2017. That will give time for this Committee in the 2017 Session to take another look at it and maybe revamp it. If not, it would conclude in June 2017 and the funding and the procedures are in place for that. These amendments put back the foreclosure process that was there before the mediation program. We are asking you to pass this out of Committee and we appreciate the hearing on this. There is also some discussion with a bill that you already heard that might have some bearing on this.

Chairman Hansen:

I will go over that with the Committee. We heard Senate Bill 321 (1st Reprint), which also deals with foreclosure issues. I talked with the bill sponsors. They are interested in amending it into this bill and adding conceptual language,

allowing the Nevada Supreme Court to go to the Interim Finance Committee (IFC) for possible financing. Would we have to put in a \$100 fiscal note, or no money at all?

Ben Graham:

Apparently, we do not have to have a dollar, according to our legal staff here. There may be a dollar aspect that is not covered in S.B. 321 (R1).

Chairman Hansen:

I am fine with that because the bill sponsor, interestingly enough, is fine with it as well.

Assemblyman Elliot T. Anderson:

Last night we heard the Chairman talk about how we are still second in foreclosures. Obviously, this is a broader discussion on a budget bill. Do you think we are out of the woods yet?

Ben Graham:

Sometimes it is a long way into the woods and a little longer getting out. It looks like we are headed in the right direction, but as you may note, there has been an uptick in foreclosures. This will allow the program to continue, at least actively and totally, until December 2016 and the numbers should be more clear by then.

Assemblyman Thompson:

I looked on the website because I think whenever we have programs we need to look at the data. We have to look at the outcomes to show whether it is successful or not. The last report I received for fiscal year 2014 shows a great need. Are we potentially jumping the gun by putting a sunset on this? Maybe we should wait it out and go to IFC and continue to get the reports that are necessary. The community in which I live is North Las Vegas and we have been hard hit with foreclosures. We need this mediation process. It will be a great help to my community and I am sure a lot of my colleagues' communities. I do have concerns. Would you speak to that?

Ben Graham:

We live in the same town and we have the same friends and some of the same suffering. For a little background, earlier in this session, there was a decision to defund this program in June—this month. I think this was a reasonable compromise to continue it through the next biennium and then if things are still on the downside when you are here in February 2017, you could ramp this up again if that appears to be necessary. We are okay and will be okay for another

18 months or so and then you can take a look at it again. This was bringing it back from defunding earlier.

Assemblyman Thompson:

I appreciate that you salvaged it. I just do not agree with putting in a date to end the program.

Ben Graham:

If the program were to continue through June 2017—let us say you determined to stop it then—there would still be another five to six months required before everything that is in the pipeline would be concluded, so it would require an additional \$400,000 to continue the program just to wind it down. This funding carries us through June 2017—it provides for funding in the event that it does wind down. There will be no additional funding required; if you ramp it up again, so be it.

Assemblyman Thompson:

When you look at the cost, even though we are not a money committee, \$400,000 is pretty much the cost of one house and a half in North Las Vegas. I would think it is a good investment and something that is necessary.

Ben Graham:

We appreciate your help and concerns.

Assemblyman Ohrenschall:

What kind of plan does the Foreclosure Mediation Program have in the next two years to try to increase participation? I do not know if the notice is big enough or if the people have lost hope and thrown in the towel. I know that if we could just get participation up in this biennium, the next Legislature might be more optimistic about keeping the program going. I wonder what kind of plan the Supreme Court has?

Ben Graham:

Significant strides were made in the last session, so that once a person gets a notice of default, there are all kinds of notices going to these people that they can stay in the foreclosure process. The numbers have gone down, even though they are still fairly significant. It is anticipated that with the program continuing, when you take a look at it in 2017, there likely will be an upturn and if there is, the viability of the program will be more substantial.

Representatives from the Foreclosure Mediation Program are out there in the neighborhoods and can inform people who are suffering foreclosure situations about the program as well.

Assemblyman Araujo:

I have worked in the Foreclosure Mediation Program since it started and have worked on housing issues for seven years. I think I am reiterating everyone's sentiments, but this is such an important program, especially for individuals in vulnerable communities who should have that mediator in place so that they can further understand the process because it is a very technical and complicated one. I understand that this is an attempt to give it another two years; I think we need to be a little more aggressive in touting our success with the program rather than be in defense of it.

It is a really great program, and I say that because I have worked with it, I have homeowners in my district who have benefited from it, and I think we need to be a little more proactive about pushing out those stories. The stories are there; they are real, homeowners are getting help, and we should not be having a discussion about giving this program life support. We should be talking about how to strengthen it and make sure that it is impacting more communities in our state.

Ben Graham:

We appreciate your help and support. It has been a long process, and we are not out of the woods. Hopefully we will be, but I think this gives it a new life in a way, because there was some anticipation that maybe the program would stop. This will give it a jump start again.

Assemblyman Jones:

If we were not to approve this bill today, what would happen with the mediation program as it exists in current law? If we do not do this, what would be the result?

Ben Graham:

There are a great many difficulties because of the necessity of amending statutes back if this bill were not approved. If the program were to cease to operate at the end of June, there would be no more methods for even foreclosing on properties. In this provision, there is the ability to go back to the foreclosure process prior to the mediation program. It is important to keep this in place and the amendments in there because if it does wind down, you can go back to the way it was before the mediation process was instigated.

Additionally, if you were to close it down, we would have to be back asking for additional funds to carry the program through to conclusion.

Assemblyman Thompson:

Are you saying that if this bill were to fail, then the program folds more quickly? The ending date is this year? Can you clarify that?

Ben Graham:

We are talking about money that has been appropriated to keep it going. It is in the budget. This is to continue the program through the next biennium. If this bill were not to pass, there would have to be significant changes to the statutory foreclosure process and the money would be allocated to wind it down. This is important. For those of you who feel the program should wind down, this is an orderly way to do it. For those of you who feel the program should continue, this is the way to allow it to continue and to take another look at it early in 2017.

Assemblywoman Seaman:

It is my understanding that this program is winding down because there has not been as much utilization of it as we expected when we implemented it. Is that true?

Ben Graham:

When this program was implemented, it was a horrible situation out there. Many people participated but the numbers have gone down. Recently, we have seen an uptick in participation again because apparently the foreclosures are back leering at us in southern Nevada. There has been an uptick, but how much remains to be seen.

Assemblyman Elliot T. Anderson:

We understand that the budget has already been prepared and if this was not contemplated, there probably would have been a little more funding for this budget account. Let us say this bill does not pass. You would still be able to go to IFC and request more funds, is that correct?

Ben Graham:

I believe we could. As you know, I am not really the money person, but I think that would be the process. This was a well worked out and bipartisan compromise to continue the program, possibly with a closure at the end of June 2017.

Assemblywoman Seaman:

For future reference, when we have to go back to look at this, would you have statistics of the program and how many people participated?

Ben Graham:

I do not have that available, but I could certainly get it to you later today.

Chairman Hansen:

Mr. Graham, is there anyone else who you intend to have testify on this or are you the lone wolf today?

Ben Graham:

I am it.

Chairman Hansen:

This is what I am going to suggest. Everyone gets a chance to digest this with the possibility of the amendments, and we will have a meeting behind the bar of the Assembly this afternoon and decide what we want to do with this at that time. The concept at the moment is to pass the bill, roll in S.B. 321 (R1), and add a conceptual amendment dealing with some financials so it can go to IFC for financial support if necessary.

Would anyone else like to testify on S.B. 512 (R1) at this time? [There was no one.] Would anyone like to talk to the Committee? [There was no one.]

We will recess until call of the Chair. Is there any other Committee business? [There was none.] This meeting is in recess [at 11:03 a.m.].

[The Assembly Committee on Judiciary reconvened behind the bar of the Assembly at 5:10 p.m. Roll was taken, and all members were present.]

Chairman Hansen:

I am requesting that the Committee take action on Senate Bill 512 (1st Reprint). I will entertain a motion.

**Senate Bill 512 (1st Reprint): Abolishes the Foreclosure Mediation Program.
(BDR 9-1287)**

ASSEMBLYMAN OHRENSCHALL MOVED TO AMEND AND DO
PASS SENATE BILL 512 (1ST REPRINT).

ASSEMBLYMAN JONES SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Hansen:

The meeting is adjourned [at 5:13 p.m.].

RESPECTFULLY SUBMITTED:

Janet Jones
Recording Secretary

Linda Whimple
Transcribing Secretary

APPROVED BY:

Assemblyman Ira Hansen, Chairman

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Judiciary

Date: June 1, 2015

Time of Meeting: 10:45 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster