

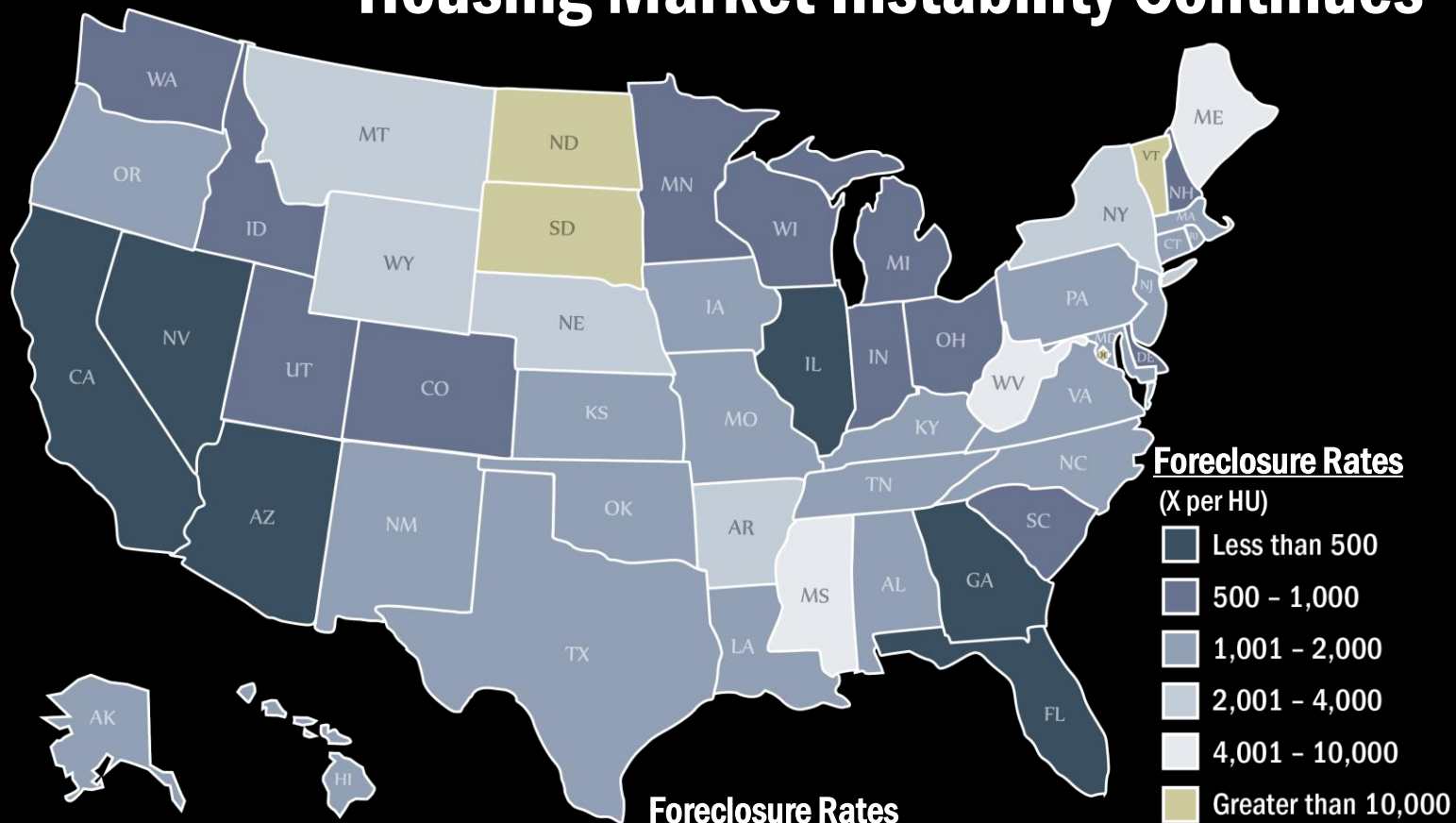


FORECLOSURE CRISES

A PAST, PRESENT AND
FUTURE PERSPECTIVE

APPLIED
ANALYSIS 

Housing Market Instability Continues



Foreclosure Rates

United States: 1 in 681 Units

Nevada: 1 in 402 Units

Clark County: 1 in 342 Units

Source: RealtyTrac (August 2012)

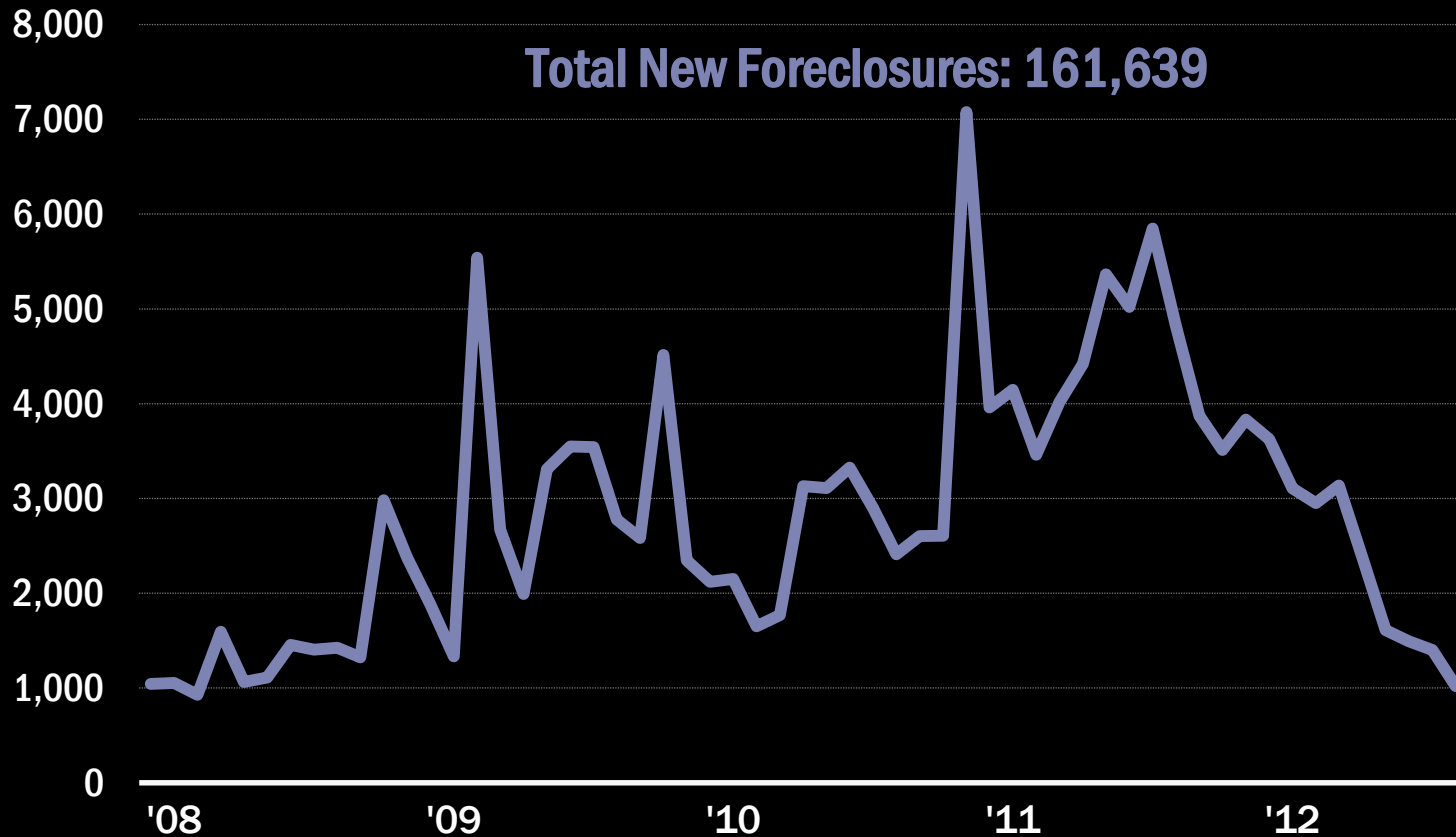
FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS



Foreclosures in Nevada Start of Recession-Present



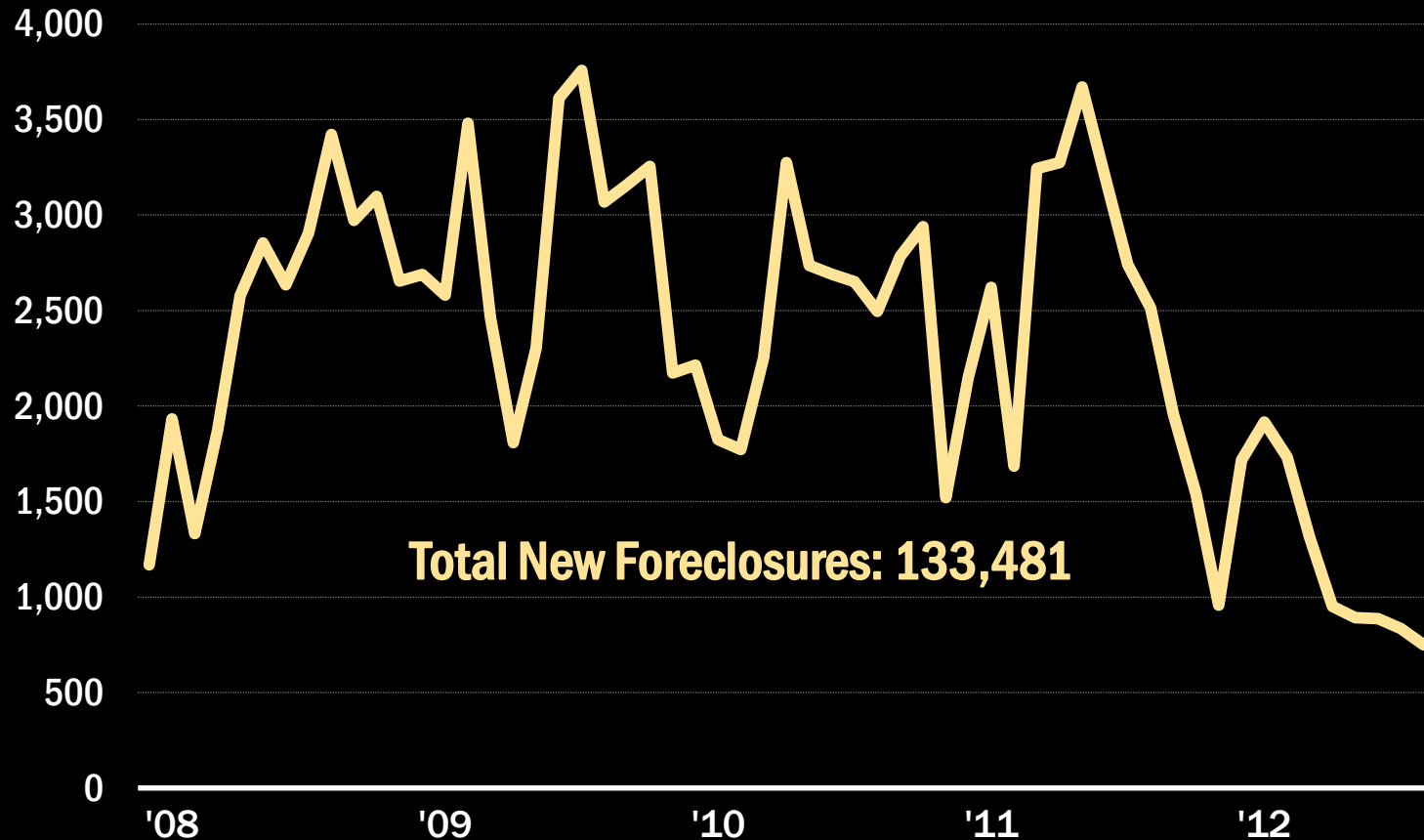
Source: Foreclosure.com

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Foreclosures in Clark County Start of Recession-Present



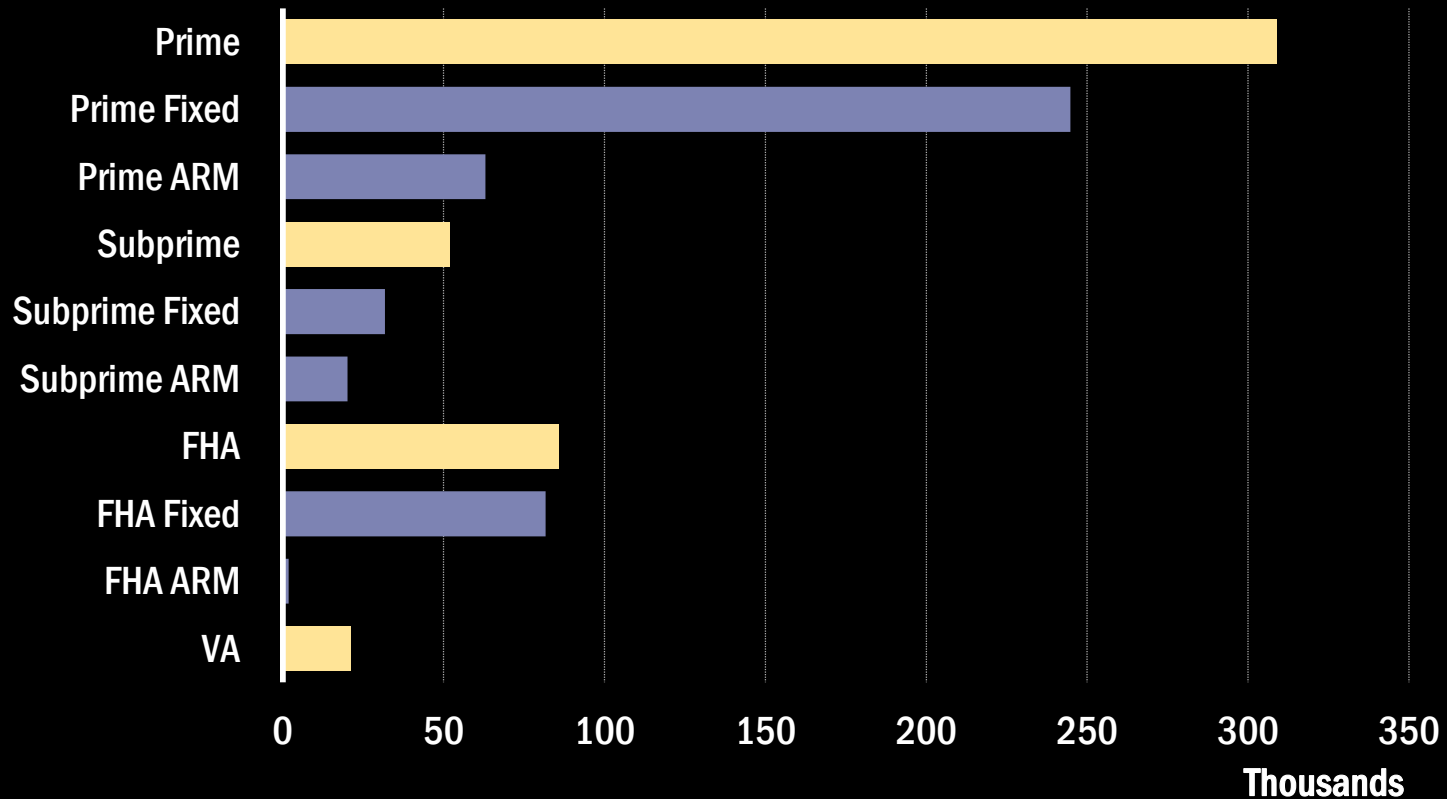
Source: Clark County Assessor's Office

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Number of Loans by Type Nevada



Source: Mortgage Bankers Association, National Delinquency Survey Q2 2012

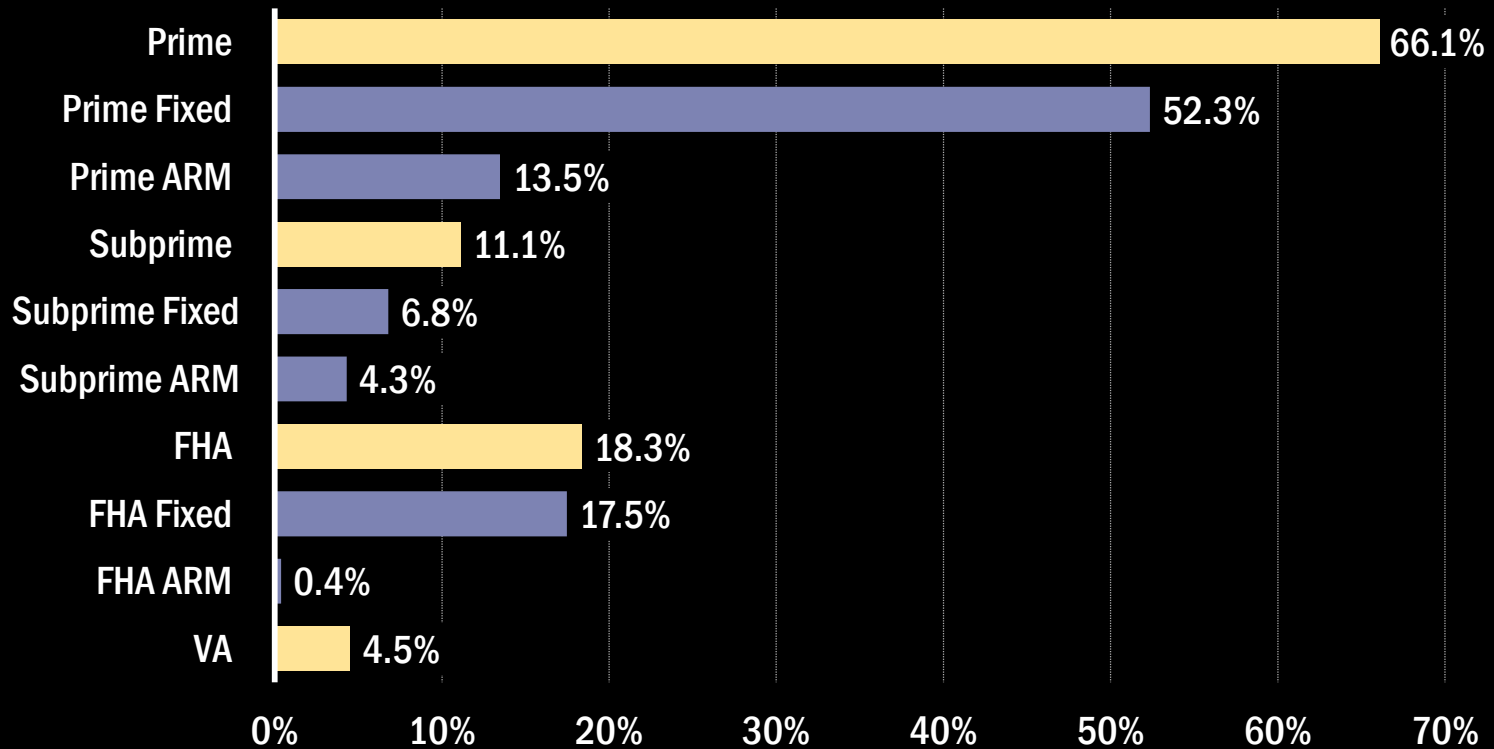
FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS



Number of Loans by Type Nevada (Percent)



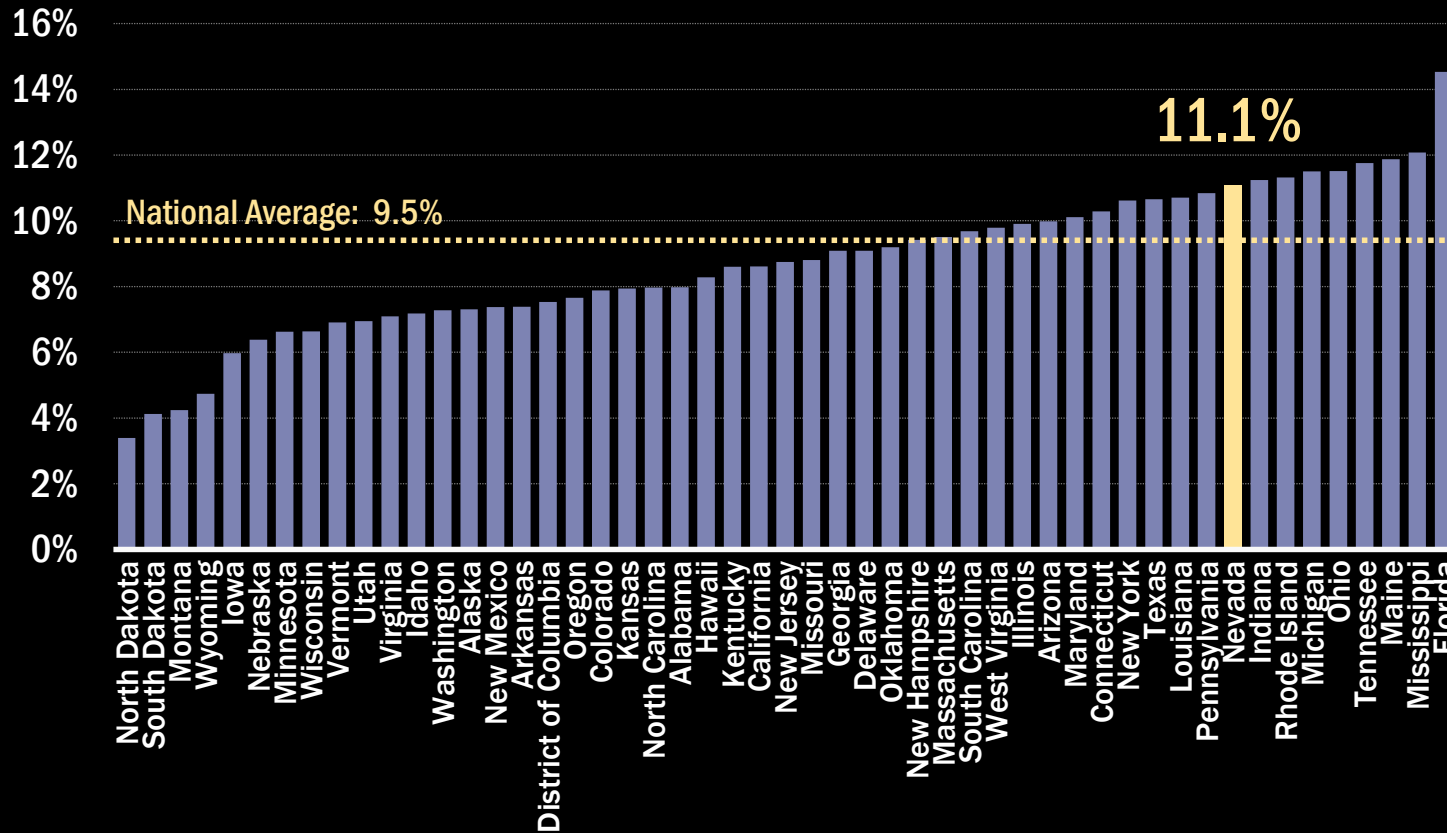
Source: Mortgage Bankers Association, National Delinquency Survey Q2 2012

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Subprime Loans as a Percent of Total



Source: The Mortgage Bankers Association

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

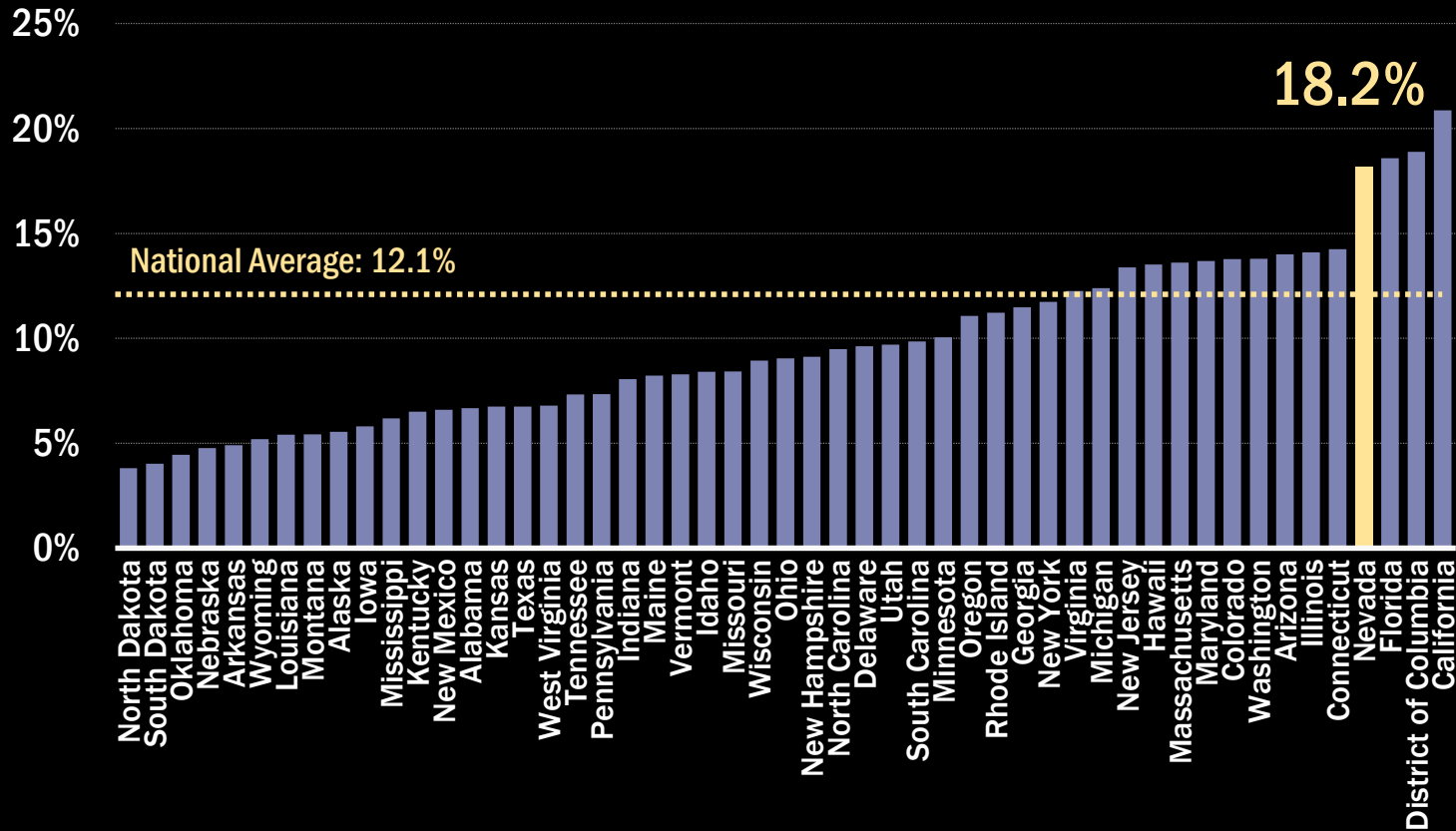


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October 8, 2012

ARMs as a Percent of Total



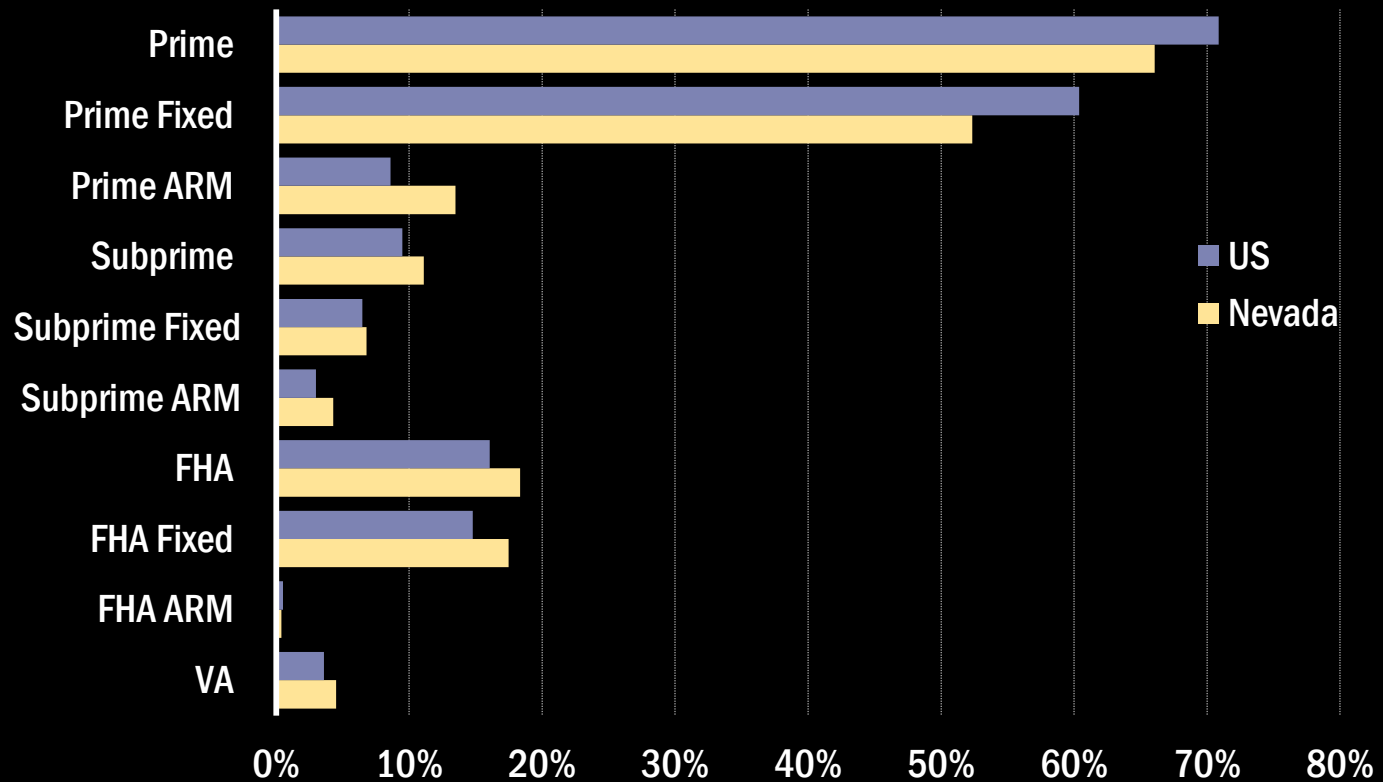
Source: The Mortgage Bankers Association

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Number of Loans by Type U.S. vs. Nevada (Percent)



Source: Mortgage Bankers Association, National Delinquency Survey Q2 2012

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



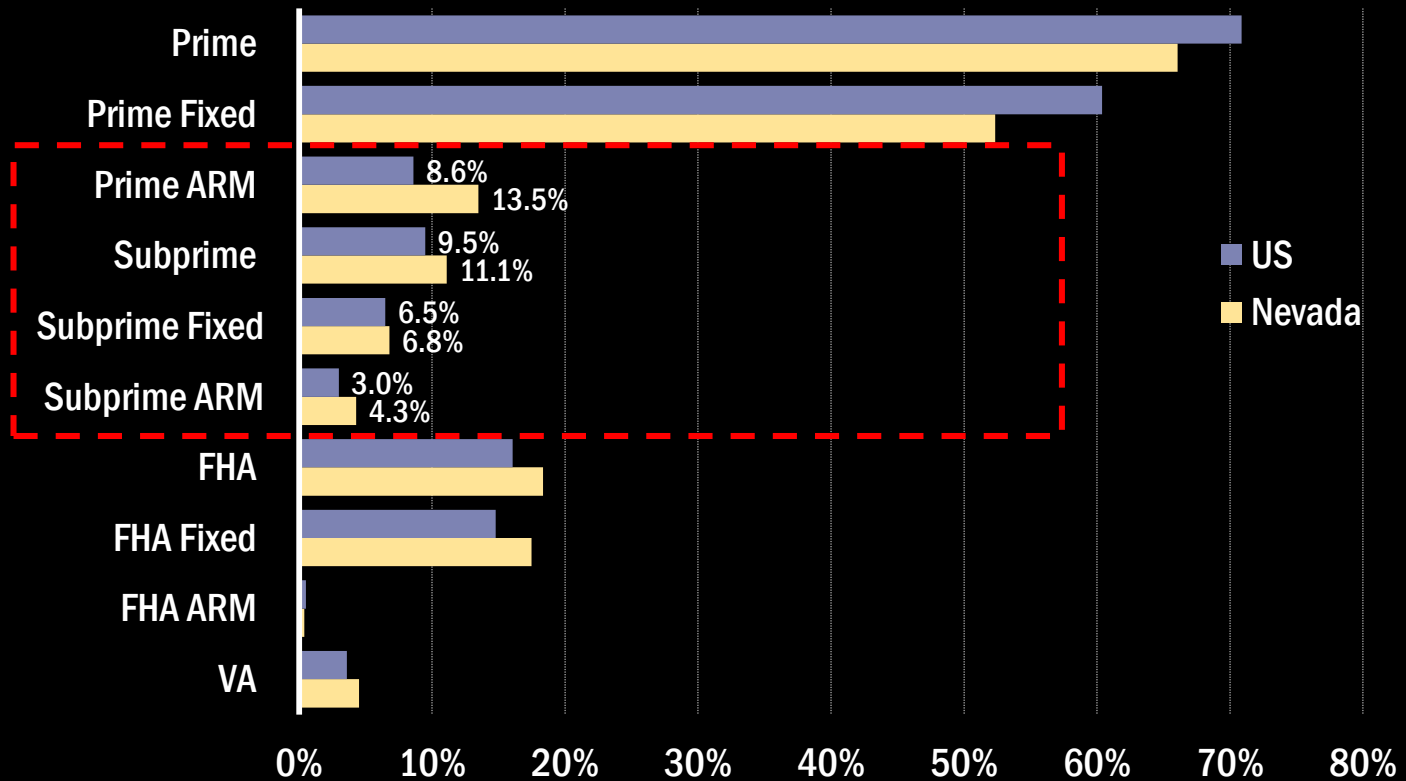
APPLIED ANALYSIS

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Number of Loans by Type U.S. vs. Nevada (Percent)



Source: Mortgage Bankers Association, National Delinquency Survey Q2 2012

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE

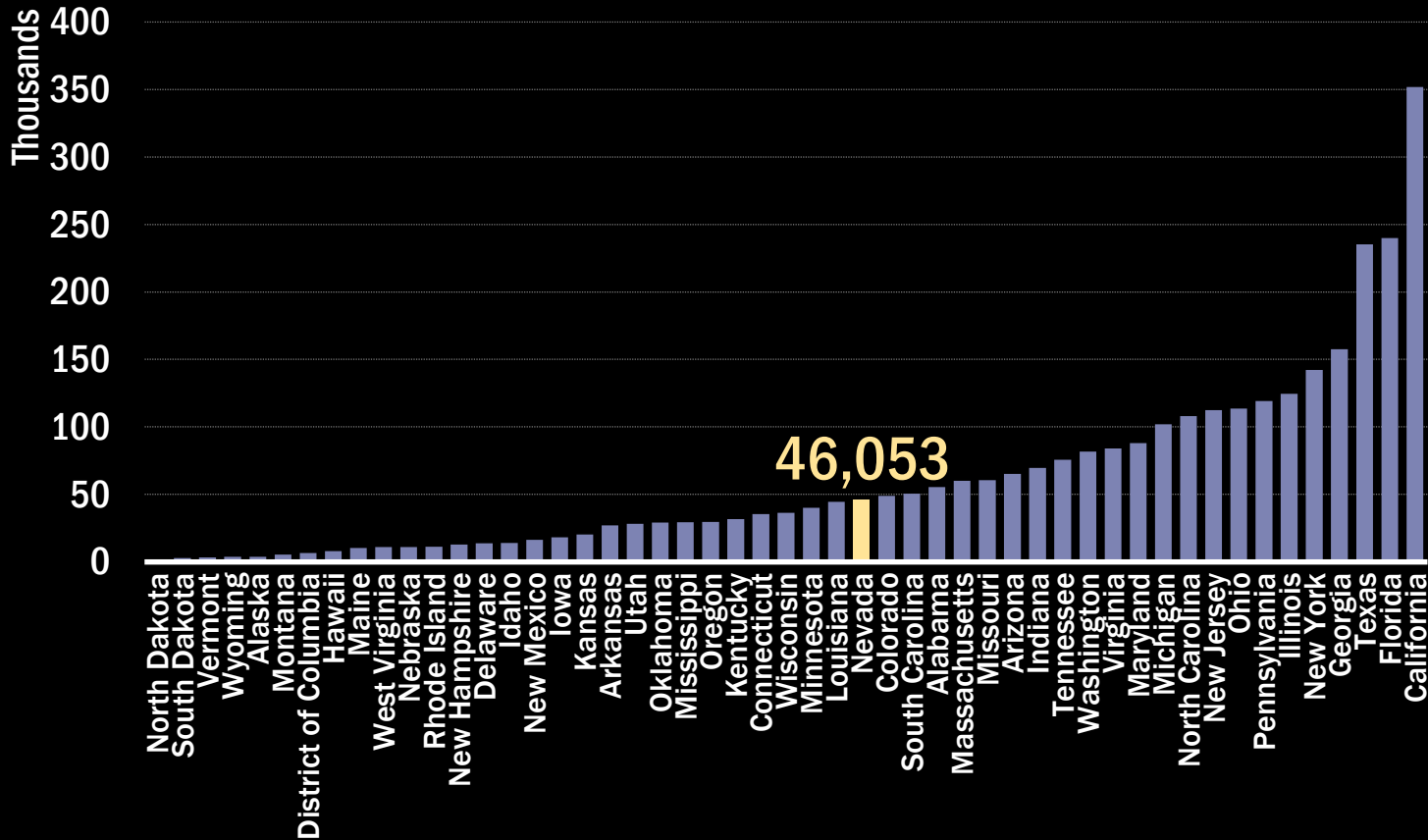


APPLIED ANALYSIS

For more information, visit:

www.appliedanalysis.com

Loans with Installments Past Due Second Quarter 2012



Source: The Mortgage Bankers Association

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

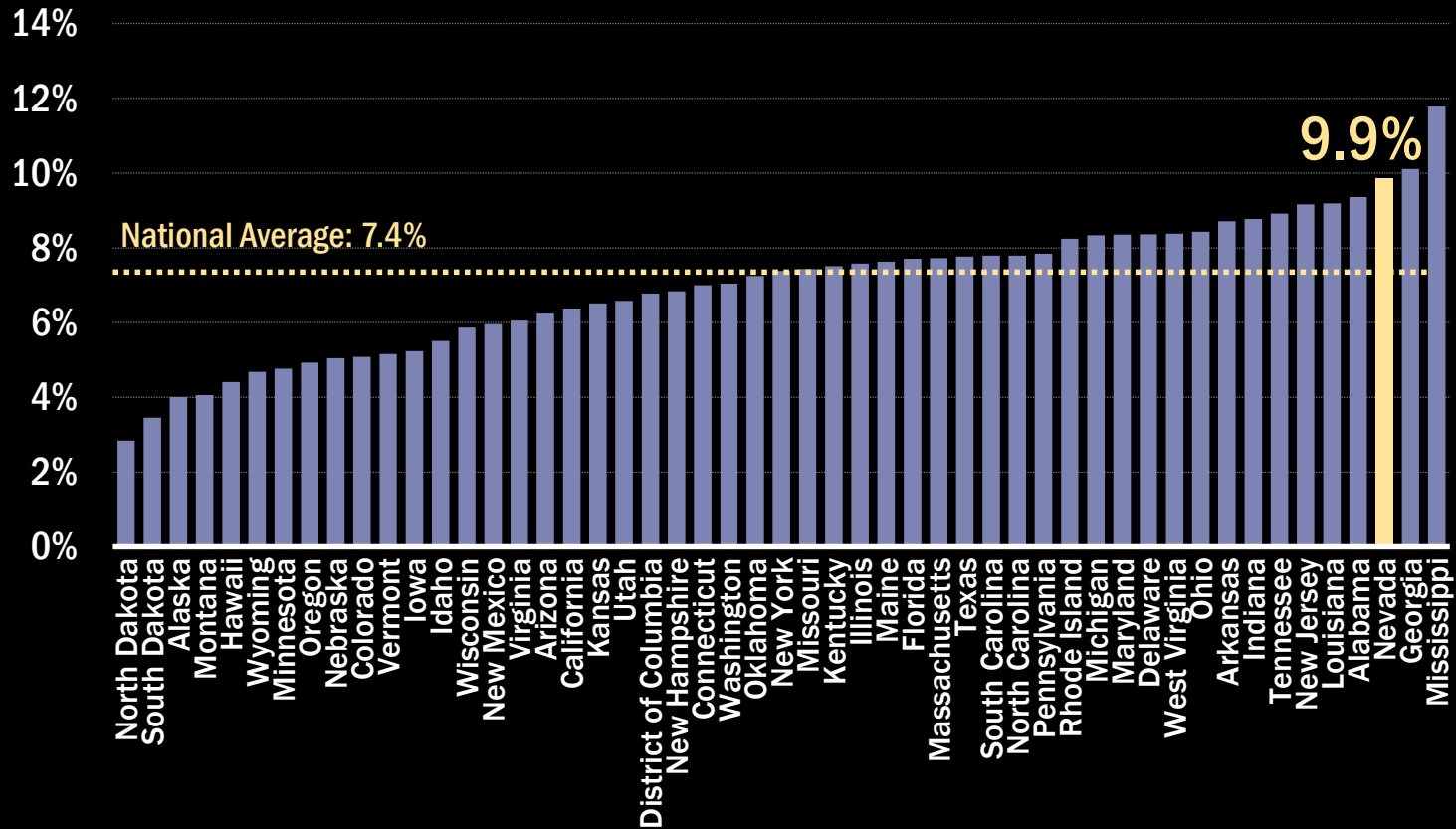


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October 8, 2012

Percent of Loans with Installments Past Due Second Quarter 2012



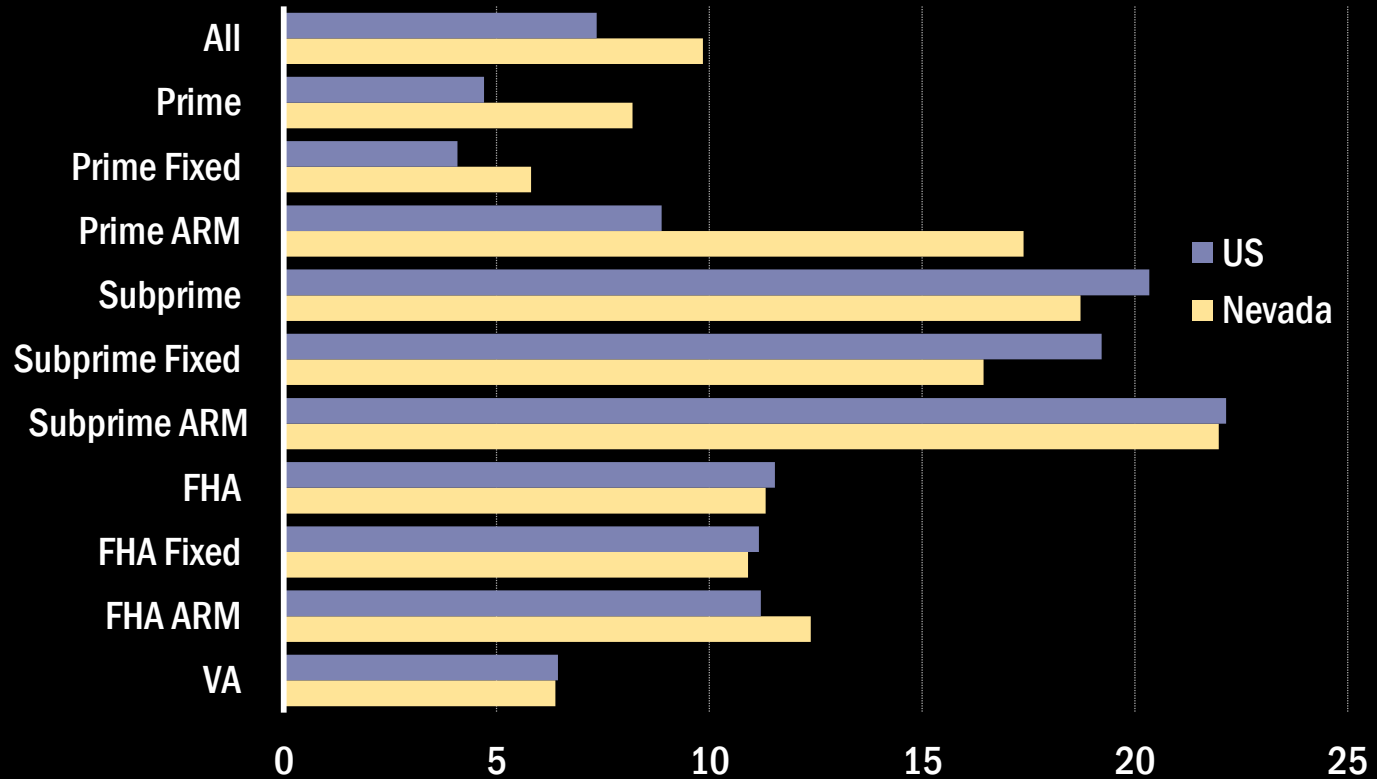
Source: The Mortgage Bankers Association

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Percentage of Loans Past Due



Source: Mortgage Bankers Association, National Delinquency Survey Q2 2012

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



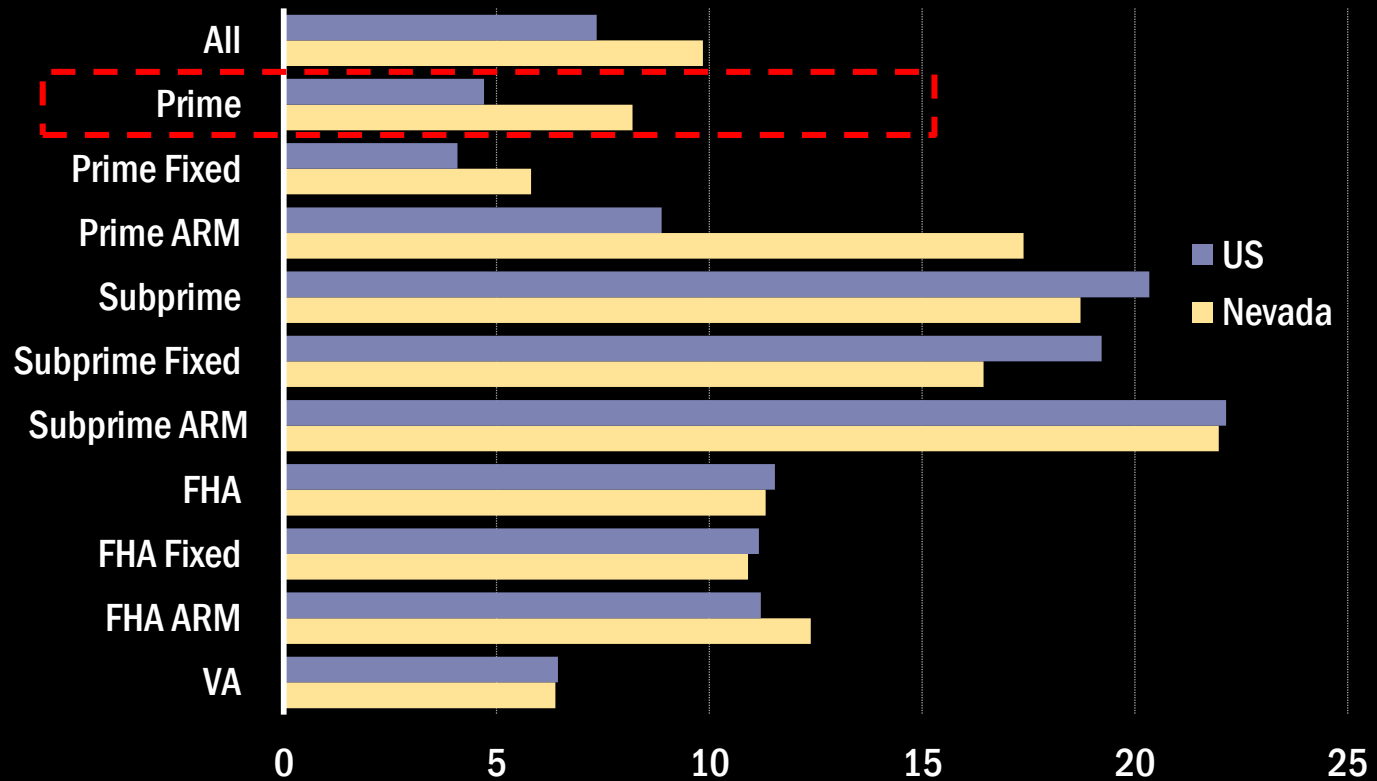
APPLIED ANALYSIS



For more information, visit:

www.appliedanalysis.com

Percentage of Loans Past Due



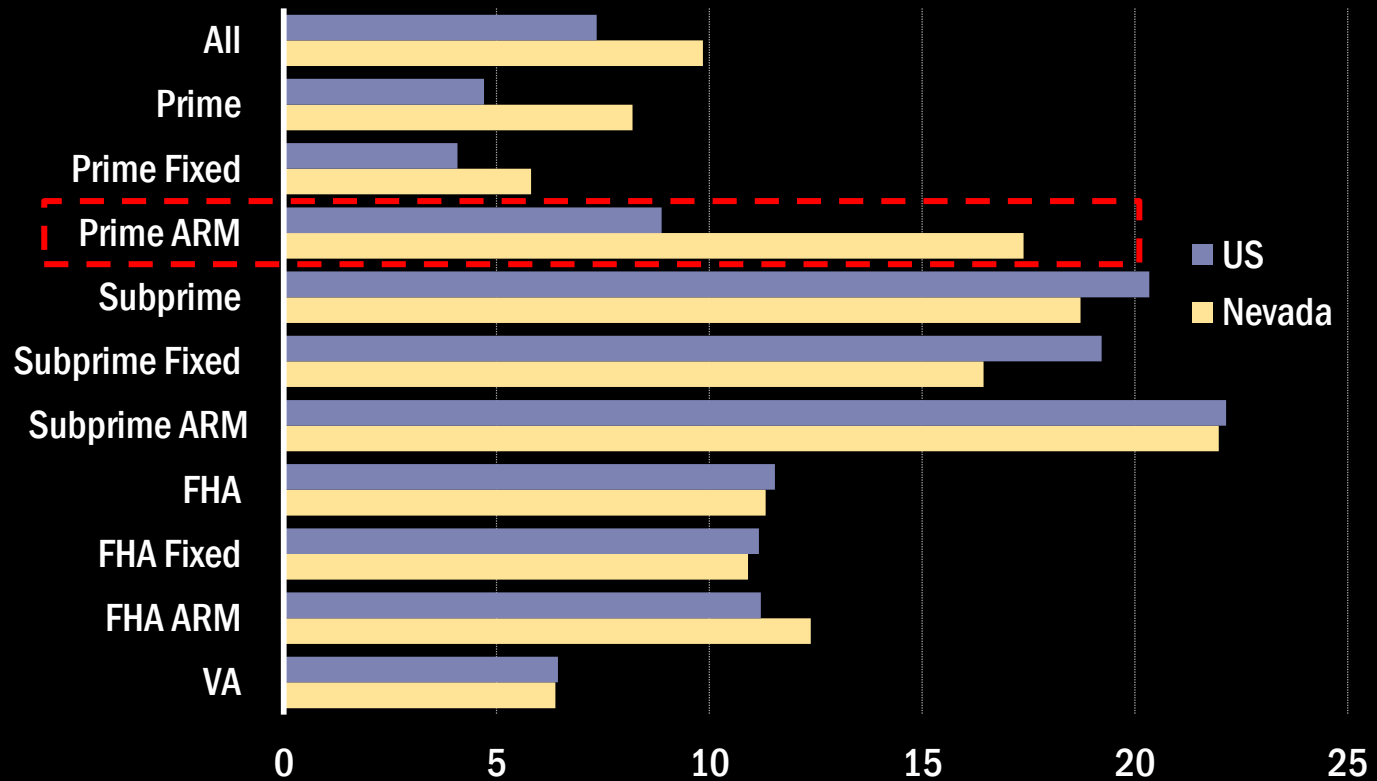
Source: Mortgage Bankers Association, National Delinquency Survey Q2 2012

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Percentage of Loans Past Due



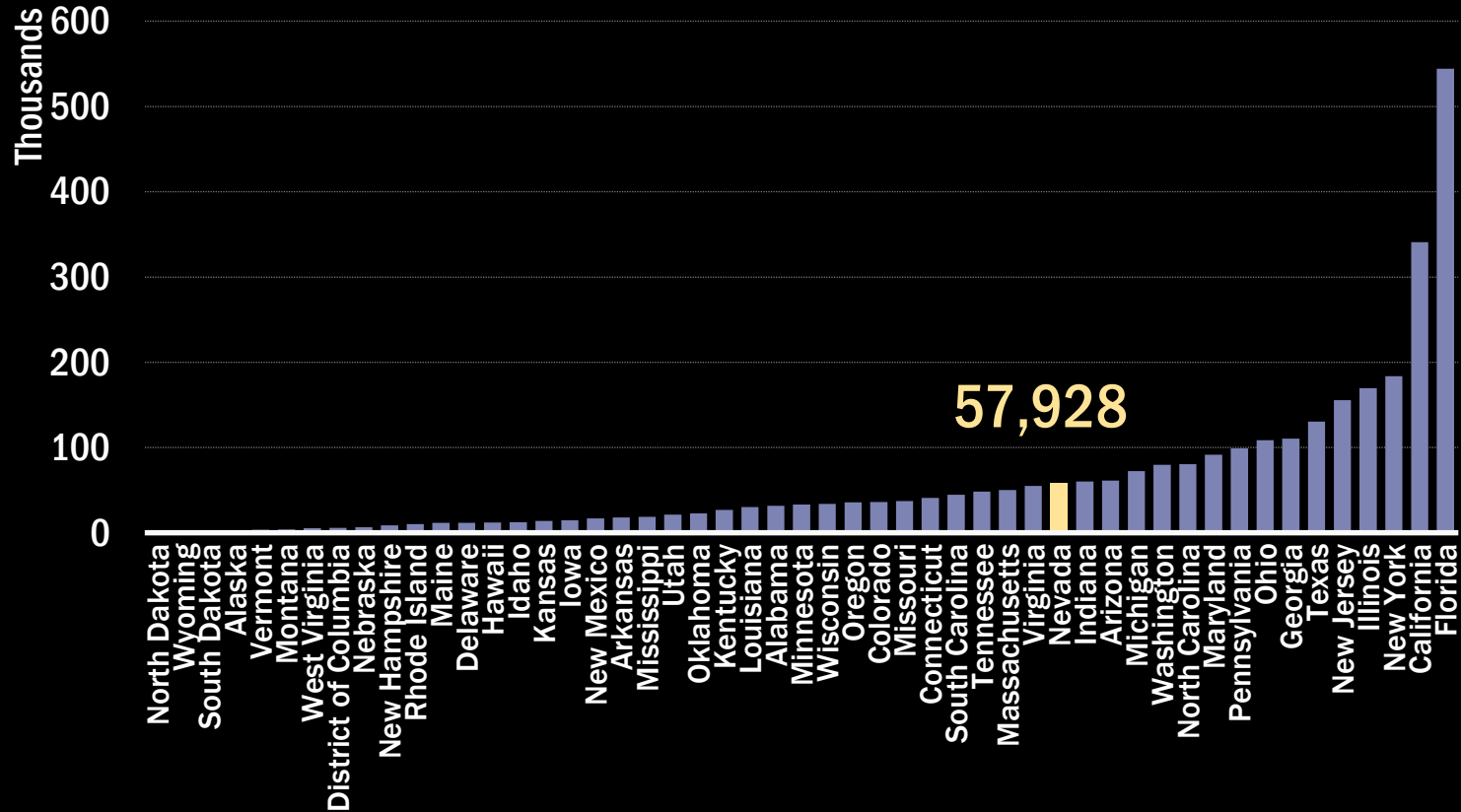
Source: Mortgage Bankers Association, National Delinquency Survey Q2 2012

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Loans Seriously Delinquent (90+ Days and Foreclosure Inventory) Second Quarter 2012



Source: The Mortgage Bankers Association

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



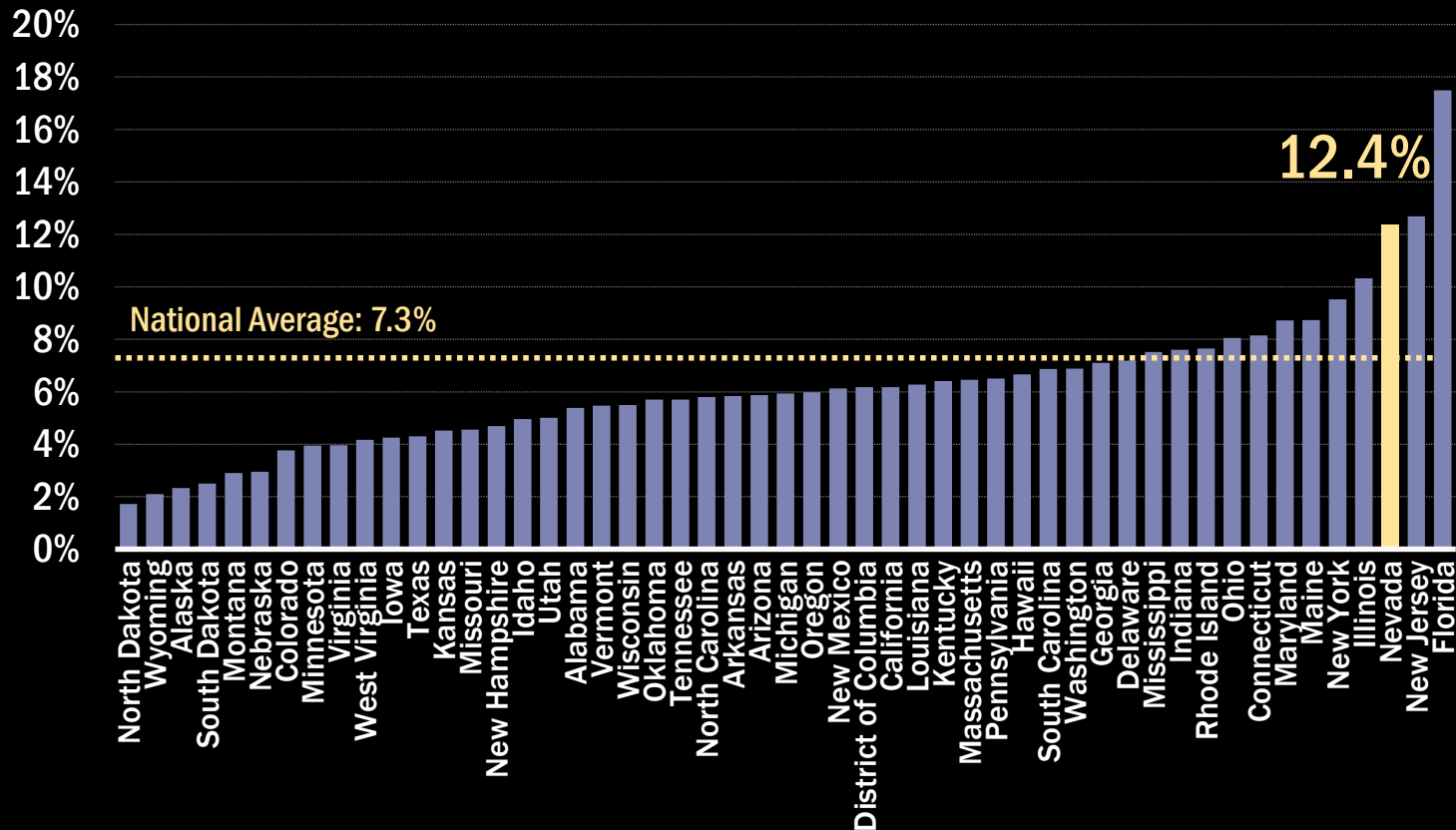
APPLIED ANALYSIS

For more information, visit:

www.appliedanalysis.com

October 8, 2012

Percent of Loans Seriously Delinquent (90+ Days and Foreclosure Inventory) Second Quarter 2012



Source: The Mortgage Bankers Association

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



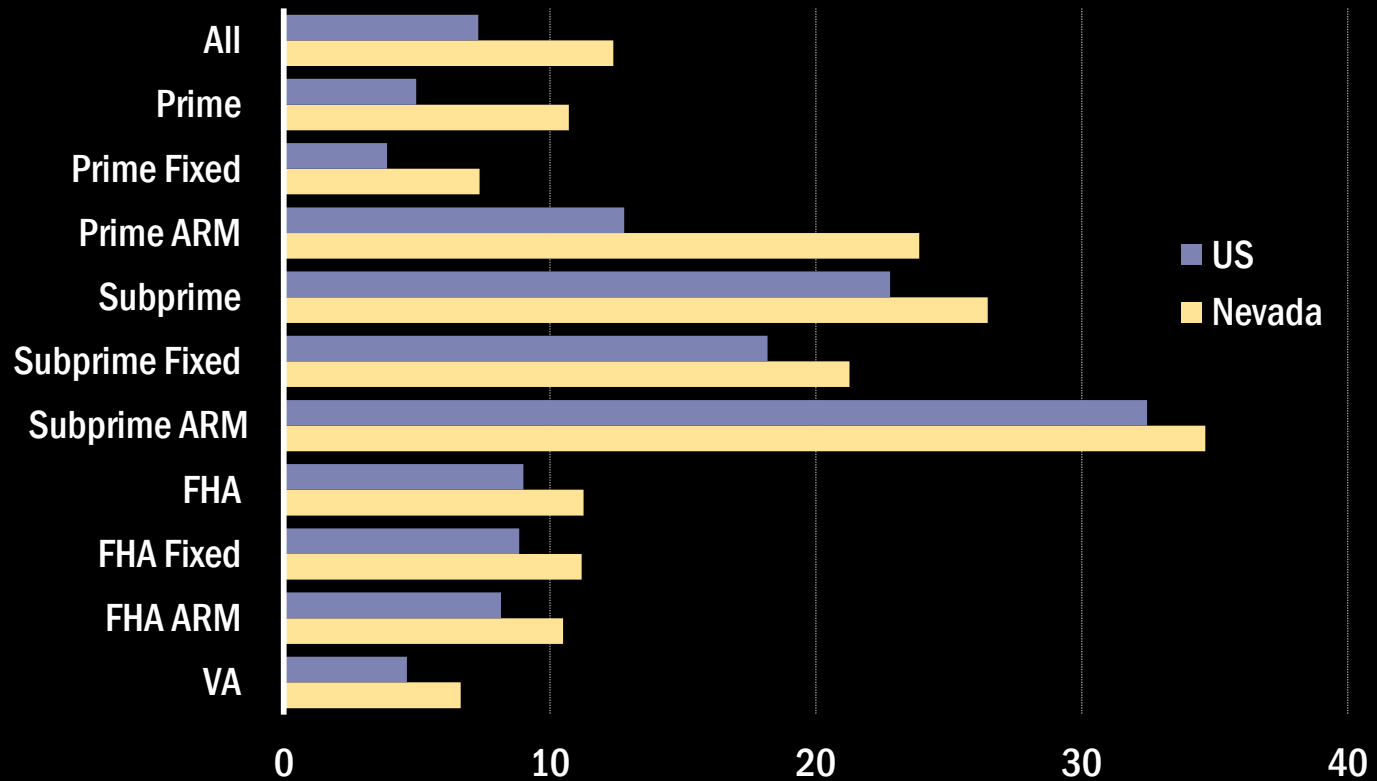
APPLIED ANALYSIS

For more information, visit:

www.appliedanalysis.com

October 8, 2012

Percentage of Loans Seriously Delinquent



Source: Mortgage Bankers Association, National Delinquency Survey Q2 2012

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



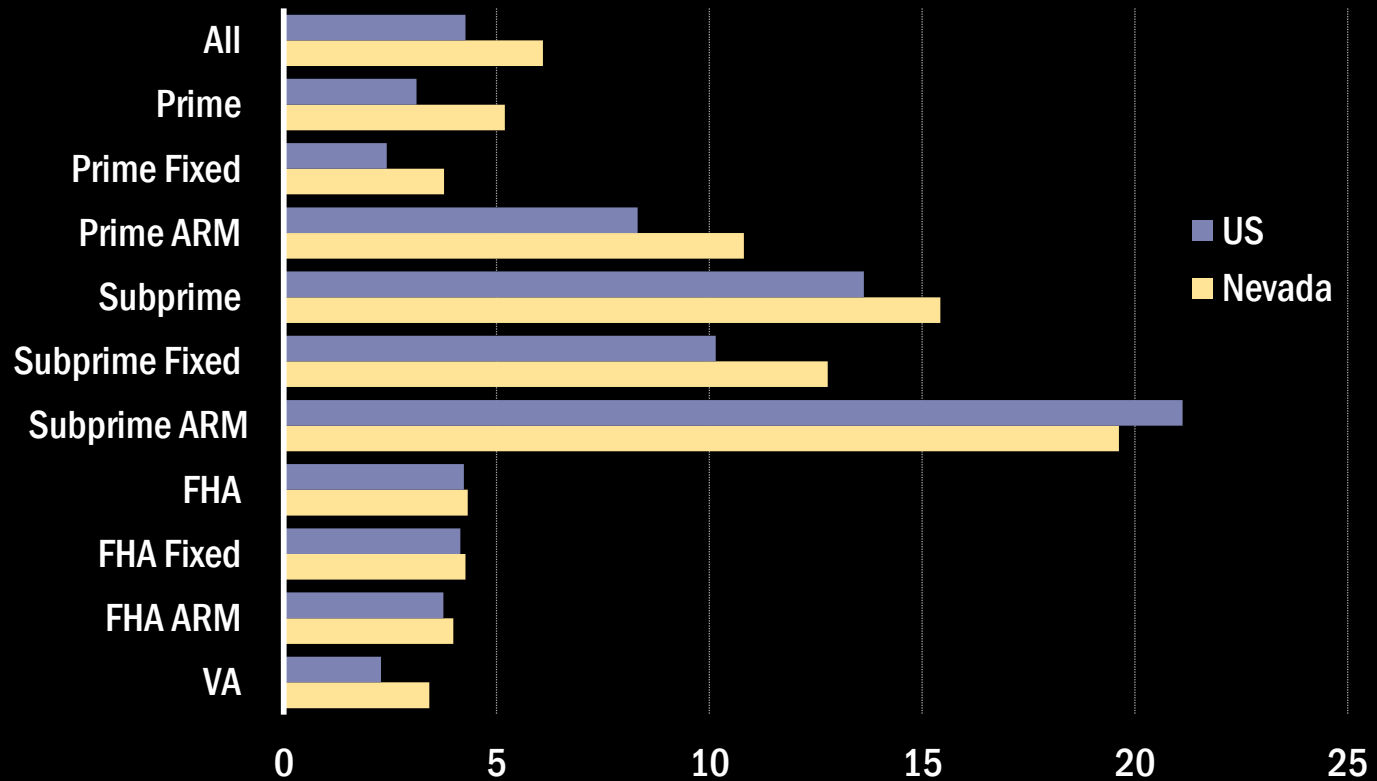
APPLIED ANALYSIS



For more information, visit:

www.appliedanalysis.com

Percentage of Loans in Foreclosure



Source: Mortgage Bankers Association, National Delinquency Survey Q2 2012

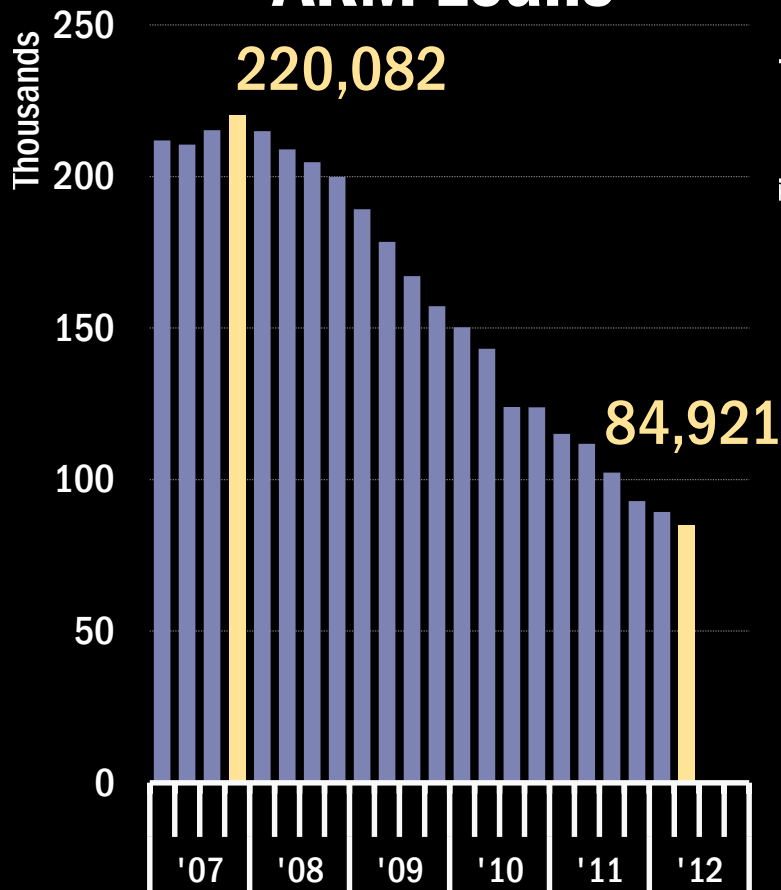
FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



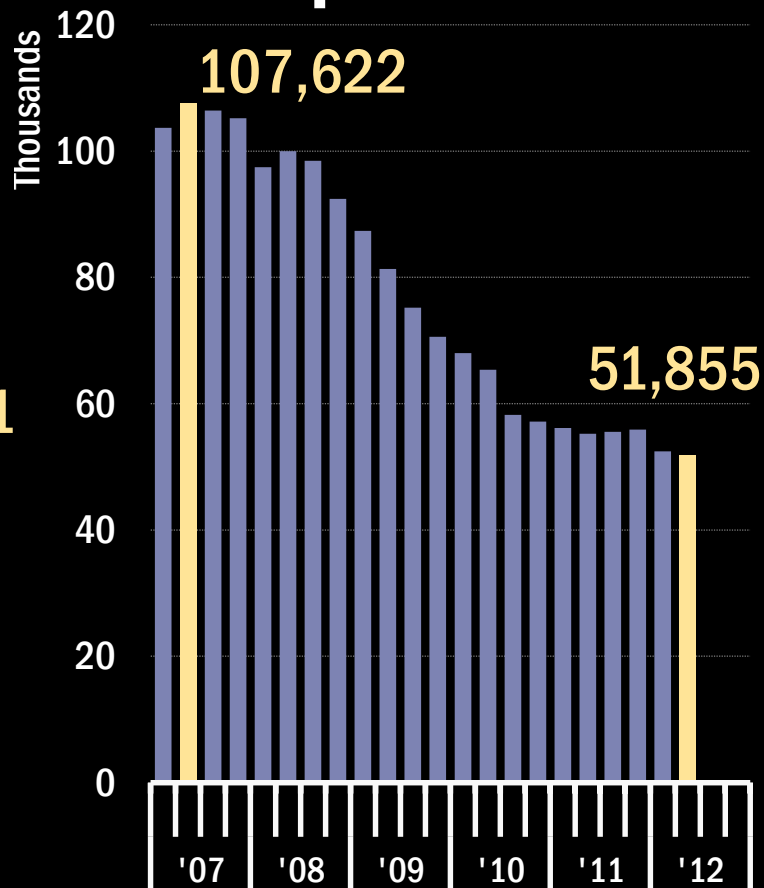
APPLIED ANALYSIS



Number of Nevada ARM Loans



Number of Nevada Subprime Loans



Source: The Mortgage Bankers Association and Applied Analysis

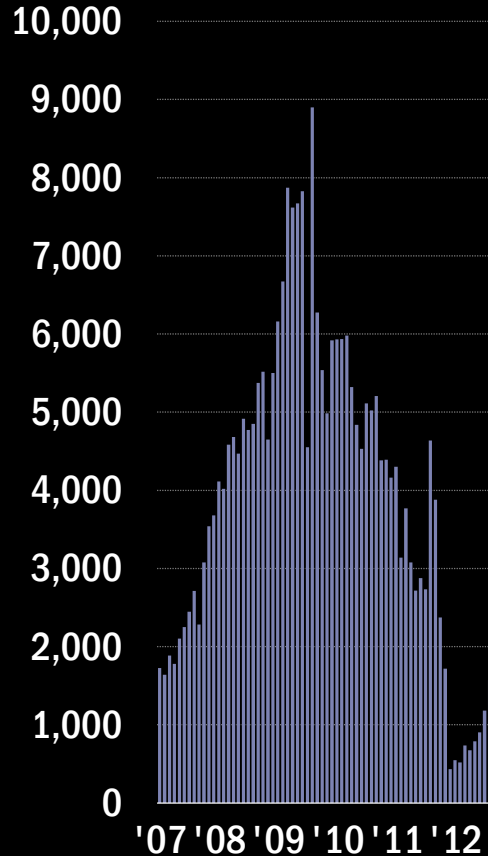
FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

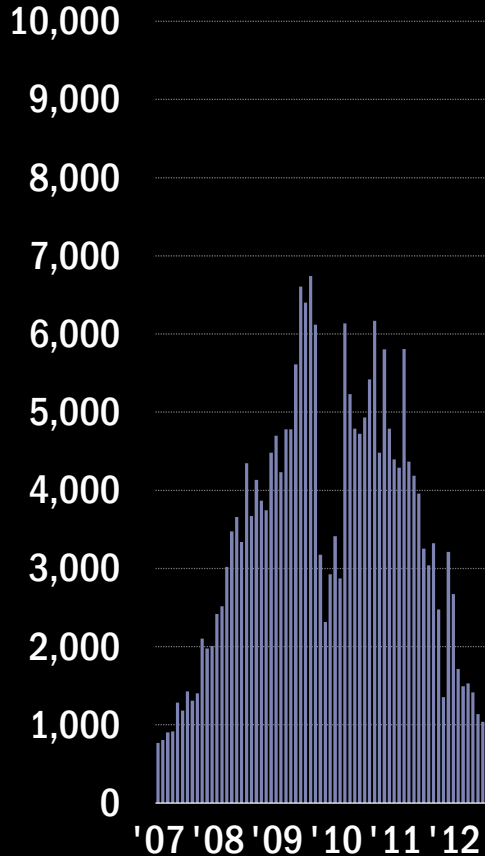
Notices of Breaches and Defaults

Clark County, NV



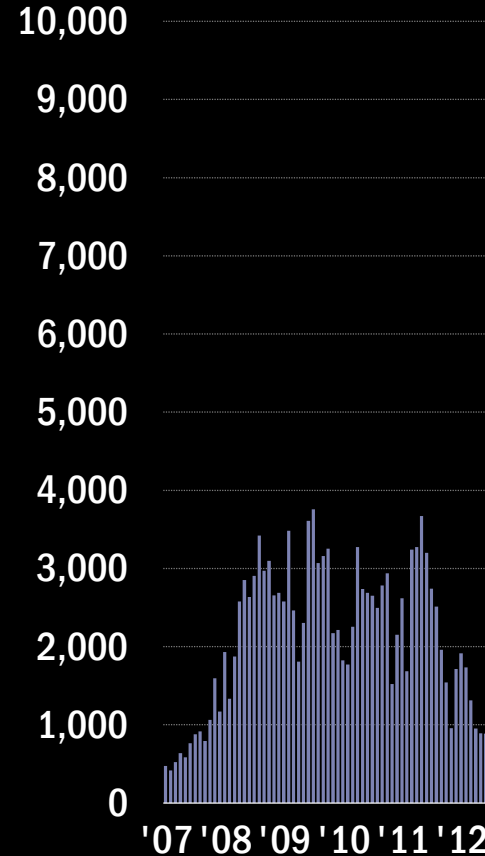
Notices of Trustee Sales

Clark County, NV



Trustee Deeds (Foreclosures)

Clark County, NV



Source: Clark County Assessor's Office and Applied Analysis

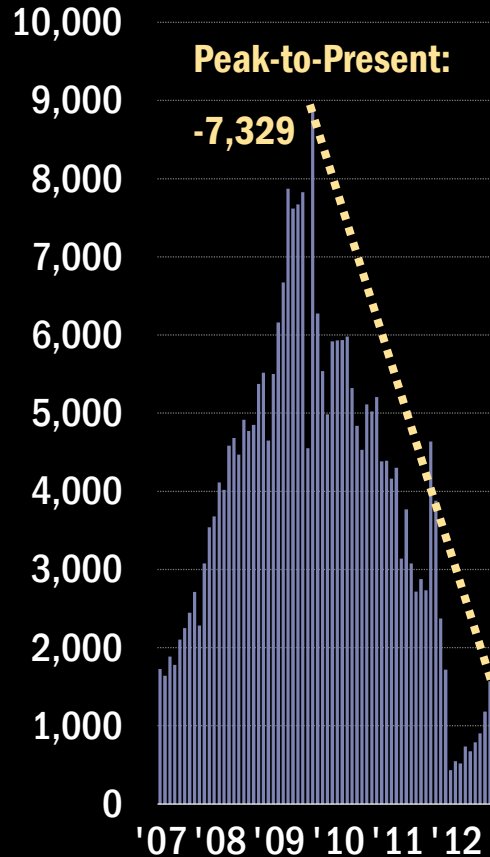
FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

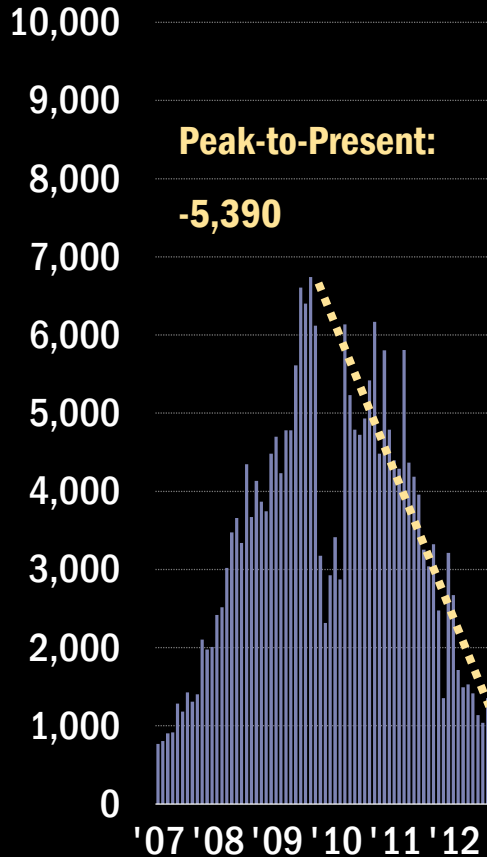
Notices of Breaches and Defaults

Clark County, NV



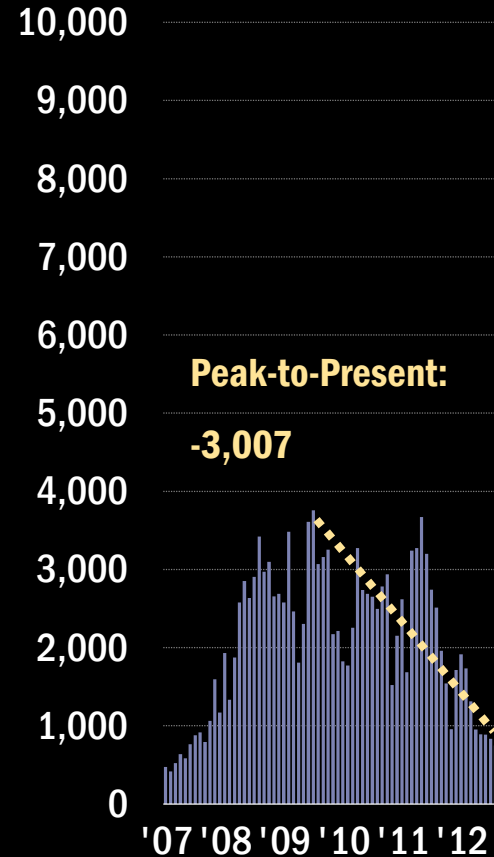
Notices of Trustee Sales

Clark County, NV



Trustee Deeds (Foreclosures)

Clark County, NV



Source: Clark County Assessor's Office and Applied Analysis

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS



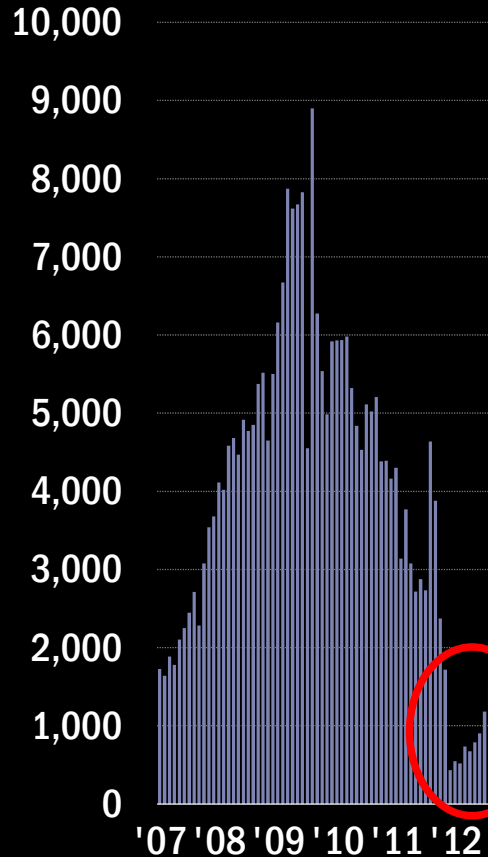
For more information, visit:

www.appliedanalysis.com

October 8, 2012

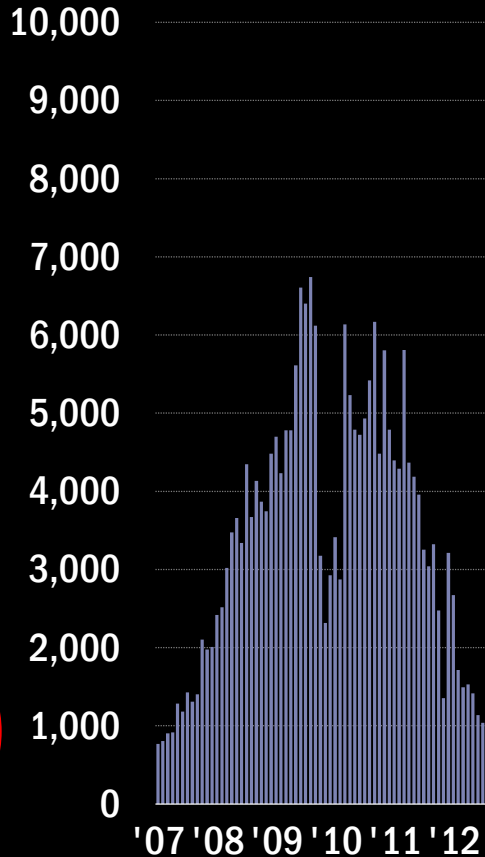
Notices of Breaches and Defaults

Clark County, NV



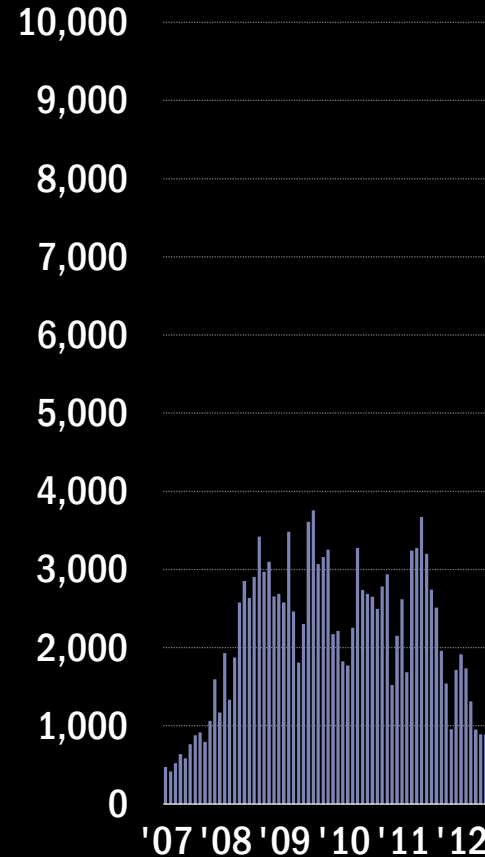
Notices of Trustee Sales

Clark County, NV



Trustee Deeds (Foreclosures)

Clark County, NV



Source: Clark County Assessor's Office and Applied Analysis





FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS



FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE

CHAPTER.....

AN ACT relating to real property; revising provisions governing the recording of assignments of mortgages and deeds of trust; revising provisions governing the exercise of the power of sale under a deed of trust; revising provisions concerning the crimes of mortgage lending fraud and making a false representation concerning title to real property; providing civil and criminal penalties; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, the assignment of a mortgage or the beneficial interest in a deed of trust may be recorded. (NRS 106.210, 107.070) **Section 1** of this bill requires such an assignment to be recorded in the office of the county recorder of the county in which the real property is located.

Sections 4, 7 and 8 of this bill increase from \$500 to \$1,000 the civil liability of a mortgagee or trustee or beneficiary under a deed of trust who fails to discharge the mortgage or deed of trust within 21 days after the obligation secured by mortgage or deed of trust has been satisfied.

Section 6 of this bill prescribes certain duties of a trustee under a deed of trust and provides for a civil action against a trustee under certain circumstances.

Section 9 of this bill requires a notice of default and election to sell real property subject to a deed of trust to include an affidavit setting forth certain information concerning the deed of trust, the amounts due, the possession of the note and the deed of trust and the authority to foreclose. **Section 9** also provides for a civil action against a person who exercises the power of sale under a deed of trust without complying with the provisions of law governing the exercise of that power.

Existing law authorizes certain persons to request a statement of the amount necessary to discharge a debt secured by a deed of trust. (NRS 107.210) **Section 12** of this bill adds to the information required to be provided in this statement: (1) the identity of the trustee, any trustee's agent, the current holder of the note, the beneficiary of record and the servicers of the debt, and (2) if the debt is in default, the amount in default, the principal, interest, default fees and the cost and fees associated with the exercise of a power of sale.

Section 13 of this bill revises provisions relating to the crime of mortgage lending fraud by: (1) providing that a person who commits mortgage lending fraud is subject to a civil penalty of not more than \$5,000; and (2) authorizing the owner or the holder of the beneficial interest in the real property to bring a civil action for damages suffered because of the conduct and for attorney's fees and costs.

Section 14 of this bill revises the crime of making a false representation concerning title and increases the penalty for such a crime from a gross misdemeanor to a category C felony. If the person engages in a pattern of making false representations concerning title, the person is guilty of a category B felony. In addition, a person who commits this crime is subject to a civil penalty of not more than \$5,000, and the owner or the holder of the beneficial interest in the real property may bring a civil action for damages suffered because of the false representation and for attorney's fees and costs.



EXPLANATION - Matter in *bolded italics* is new, matter between brackets (~~existing provisions~~) is material to be omitted.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 106.210 is hereby amended to read as follows:
106.210 1. Any assignment of a mortgage of real property, or of a mortgage of personal property or crops recorded prior to March 27, 1935, and any assignment of the beneficial interest under a deed of trust ~~may~~ **must** be recorded ~~in the office of the recorder of the county in which the property is located,~~ and from the time any of the same are so filed for record shall operate as constructive notice of the contents thereof to all persons. ***A mortgage of real property, or a mortgage of personal property or crops recorded prior to March 27, 1935, which has been assigned may not be enforced unless and until the assignment is recorded pursuant to this subsection. If the beneficial interest under a deed of trust has been assigned, the trustee under the deed of trust may not exercise the power of sale pursuant to NRS 107.080 unless and until the assignment is recorded pursuant to this subsection.***

2. Each such filing or recording ~~shall~~ **must** be properly indexed by the recorder.

Sec. 2. NRS 106.220 is hereby amended to read as follows:

106.220 1. Any instrument by which any mortgage or deed of trust of, lien upon or interest in real property is subordinated or waived as to priority, ~~may~~ **must**, in case it concerns only one or more mortgages or deeds of trust of, liens upon or interests in real property, together with, or in the alternative, one or more mortgages of, liens upon or interests in personal property or crops, the instruments or documents evidencing or creating which have been recorded prior to March 27, 1935, be recorded ~~in the office of the recorder of the county in which the property is located,~~ and from the time any of the same are so filed for record ~~shall operate~~ **operates** as constructive notice of the contents thereof to all persons. ***The instrument is not enforceable under this chapter or chapter 107 of NRS unless and until it is recorded.***

2. Each such filing or recording ~~shall~~ **must** be properly indexed by the recorder.

Sec. 3. NRS 106.280 is hereby amended to read as follows:

106.280 Every certificate of discharge of a recorded mortgage, and the proof or acknowledgment thereof, ~~shall~~ **must** be recorded at full length, and a reference ~~shall~~ **must** be made to the *county*



Assembly Bill No. 284—Assemblymen
Conklin, Home, and Kirkpatrick

CHAPTER.....

AN ACT relating to real property; revising provisions governing the recording of assignments of mortgages and deeds of trust; revising provisions governing the exercise of the power of sale under a deed of trust; revising provisions concerning the crimes of mortgage lending fraud and making a false representation concerning title to real property; providing civil and criminal penalties; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, the assignment of a mortgage or the beneficial interest in a deed of trust may be recorded. (NRS 106.210, 107.070) **Section 1** of this bill requires such an assignment to be recorded in the office of the county recorder of the county in which the real property is located.

Sections 4, 7 and 8 of this bill increase from \$500 to \$1,000 the civil liability of a mortgagee or trustee or beneficiary under a deed of trust who fails to discharge the mortgage or deed of trust within 21 days after the obligation secured by mortgage or deed of trust has been satisfied.

Section 6 of this bill prescribes certain duties of a trustee under a deed of trust and provides for a civil action against a trustee under certain circumstances.

Section 9 of this bill requires a notice of default and election to sell real property subject to a deed of trust to include an affidavit setting forth certain information concerning the deed of trust, the amounts due, the possession of the note and the deed of trust and the authority to foreclose. **Section 9** also provides for a civil action against a person who exercises the power of sale under a deed of trust without complying with the provisions of law governing the exercise of that power.

Existing law authorizes certain persons to request a statement of the amount necessary to discharge a debt secured by a deed of trust. (NRS 107.210) **Section 12** of this bill adds to the information required to be provided in this statement: (1) the identity of the trustee, any trustee's agent, the current holder of the note, the beneficiary of record and the servicers of the debt, and (2) if the debt is in default, the amount in default, the principal, interest, default fees and the cost and fees associated with the exercise of a power of sale.

Section 13 of this bill revises provisions relating to the crime of mortgage lending fraud by: (1) providing that a person who commits mortgage lending fraud is subject to a civil penalty of not more than \$5,000; and (2) authorizing the owner or the holder of the beneficial interest in the real property to bring a civil action for damages suffered because of the conduct and for attorney's fees and costs.

Section 14 of this bill revises the crime of making a false representation concerning title and increases the penalty for such a crime from a gross misdemeanor to a category C felony. If the person engages in a pattern of making false representations concerning title, the person is guilty of a category B felony. In addition, a person who commits this crime is subject to a civil penalty of not more than \$5,000, and the owner or the holder of the beneficial interest in the real property may bring a civil action for damages suffered because of the false representation and for attorney's fees and costs.



AB 284 (2011)

Gives Nevada residents detailed information on foreclosures and creates transparency in the process

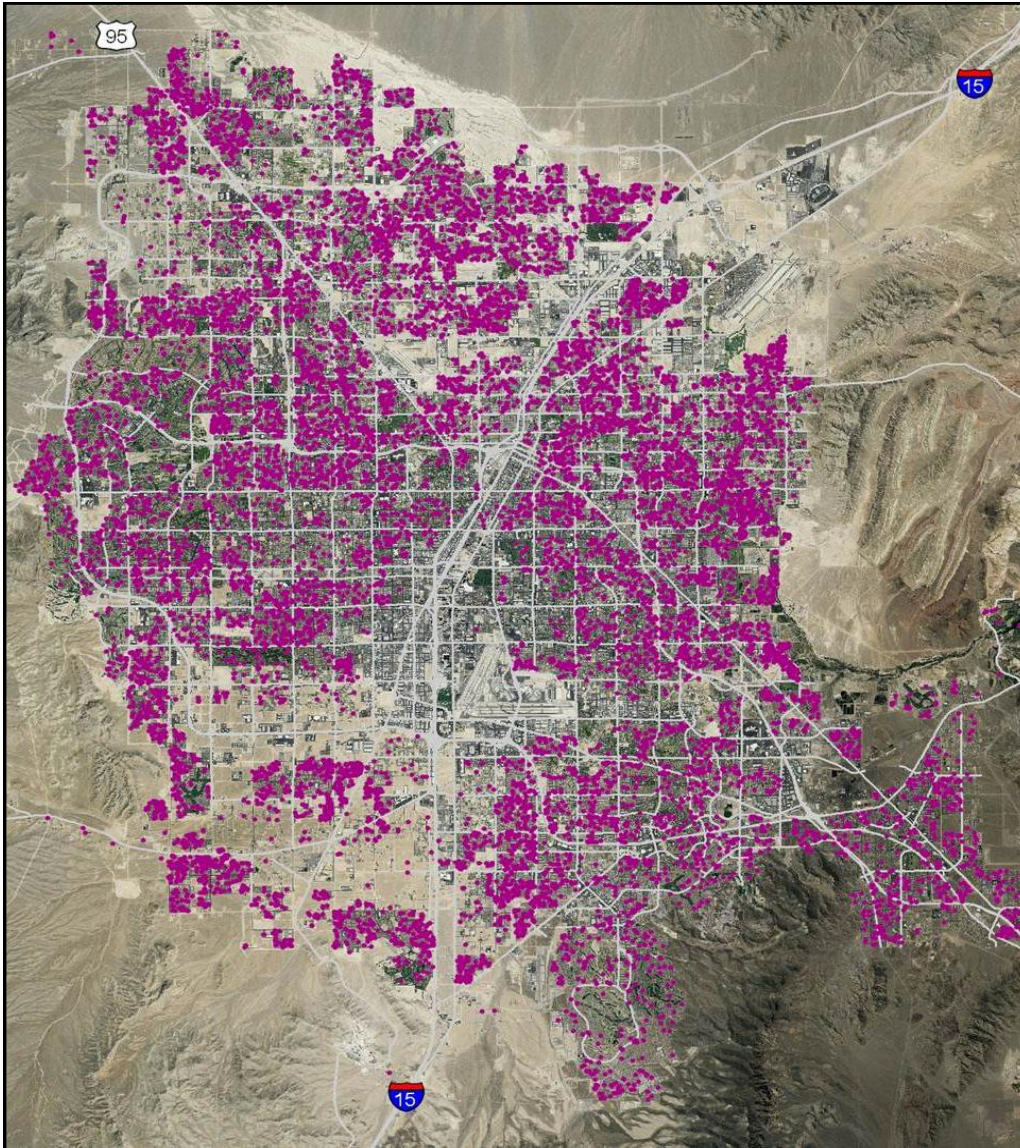
All Notices of Default filed after September 30, 2011 are required to be accompanied by an *Affidavit of Authority*

and the proof or acknowledgment thereof, shall must be recorded at full length, and a reference shall must be made to the county

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS



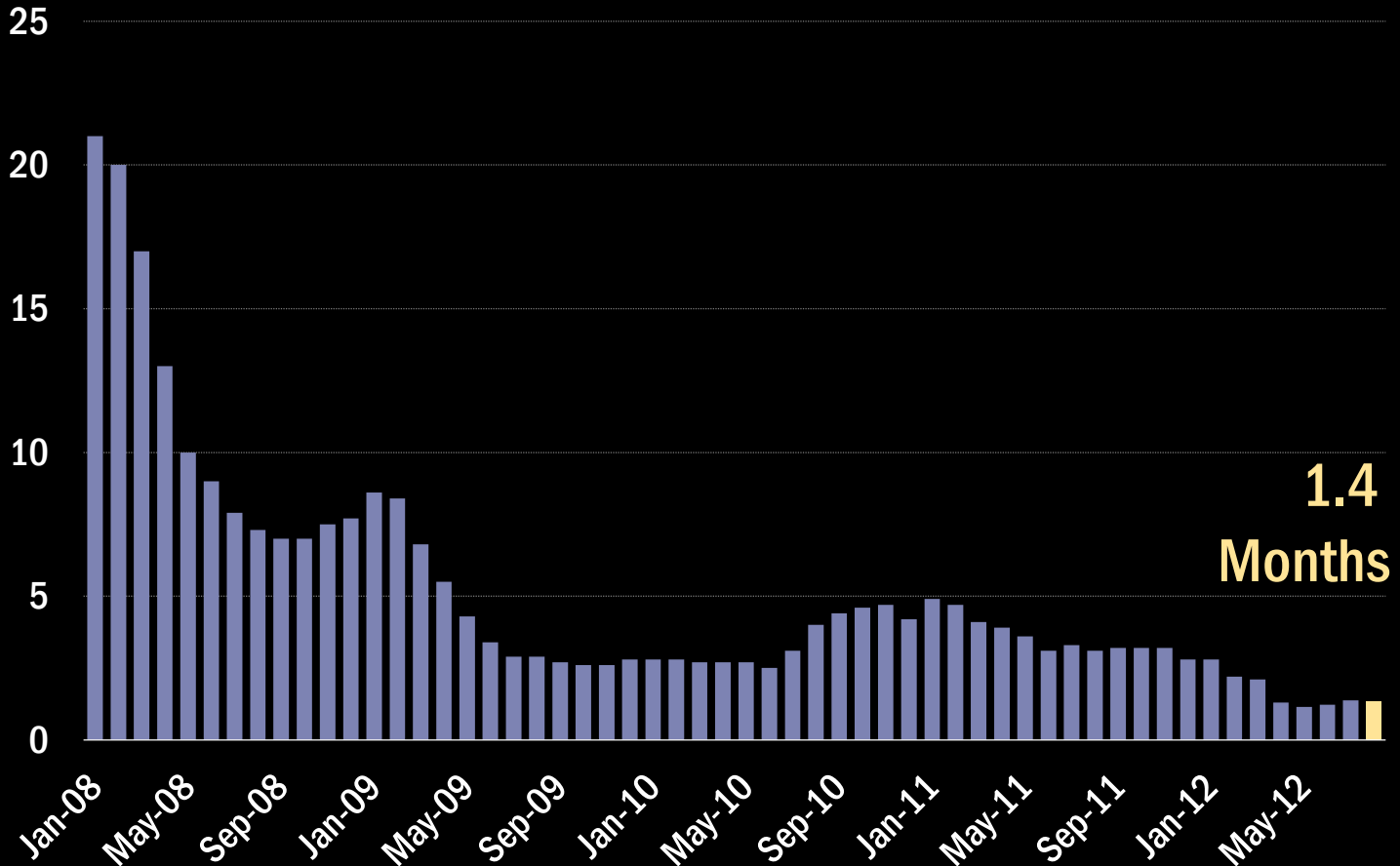
12,966
**Units Owned by
Banks / Financial
Institutions**

FORECLOSURE CRISES A PAST, PRESENT AND
FUTURE PERSPECTIVE



APPLIED
ANALYSIS

Effective Inventory Resale Homes in Months (Las Vegas-Paradise MSA)



Source: SalesTraq

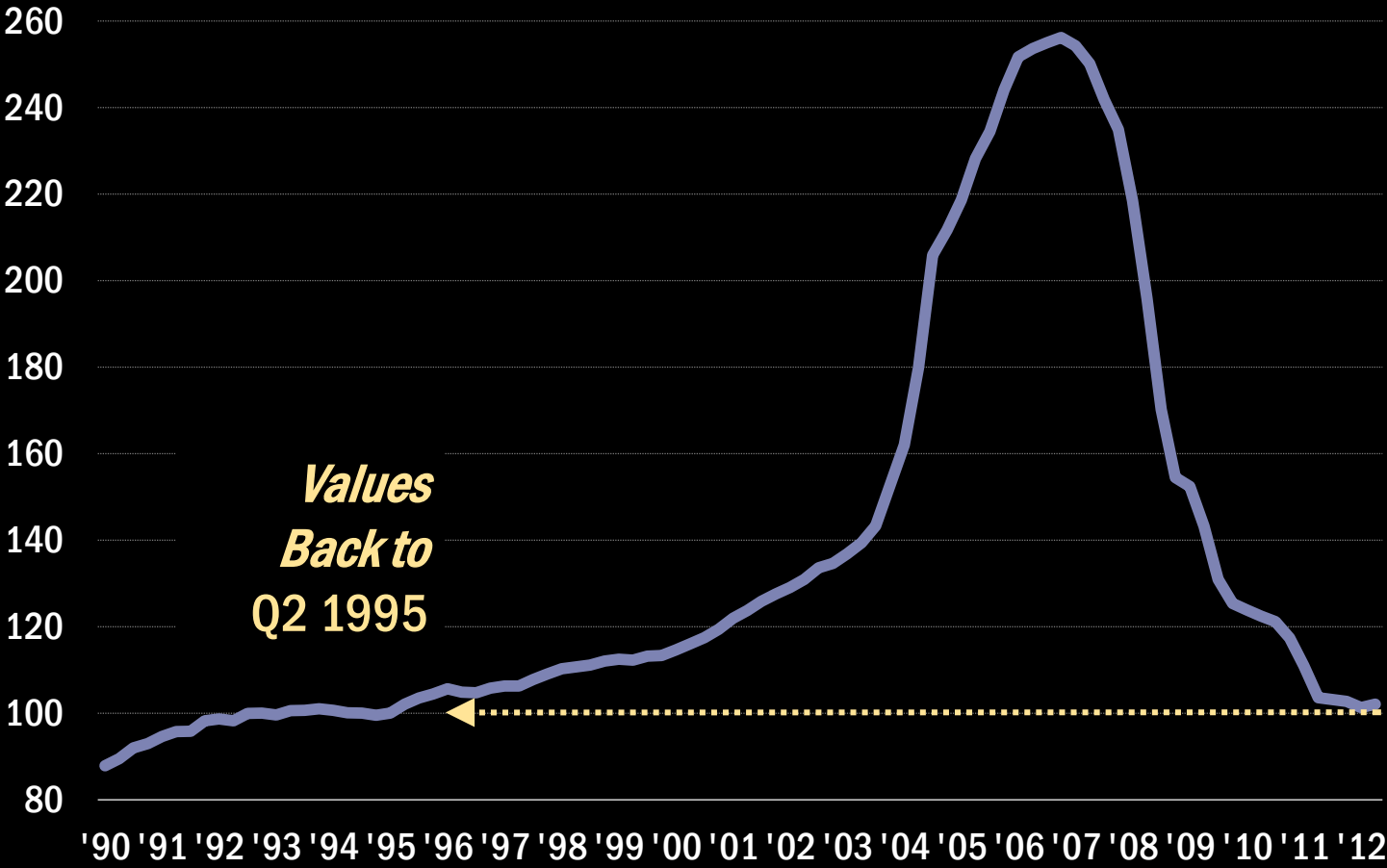
FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS



Housing Price Index Las Vegas-Paradise MSA



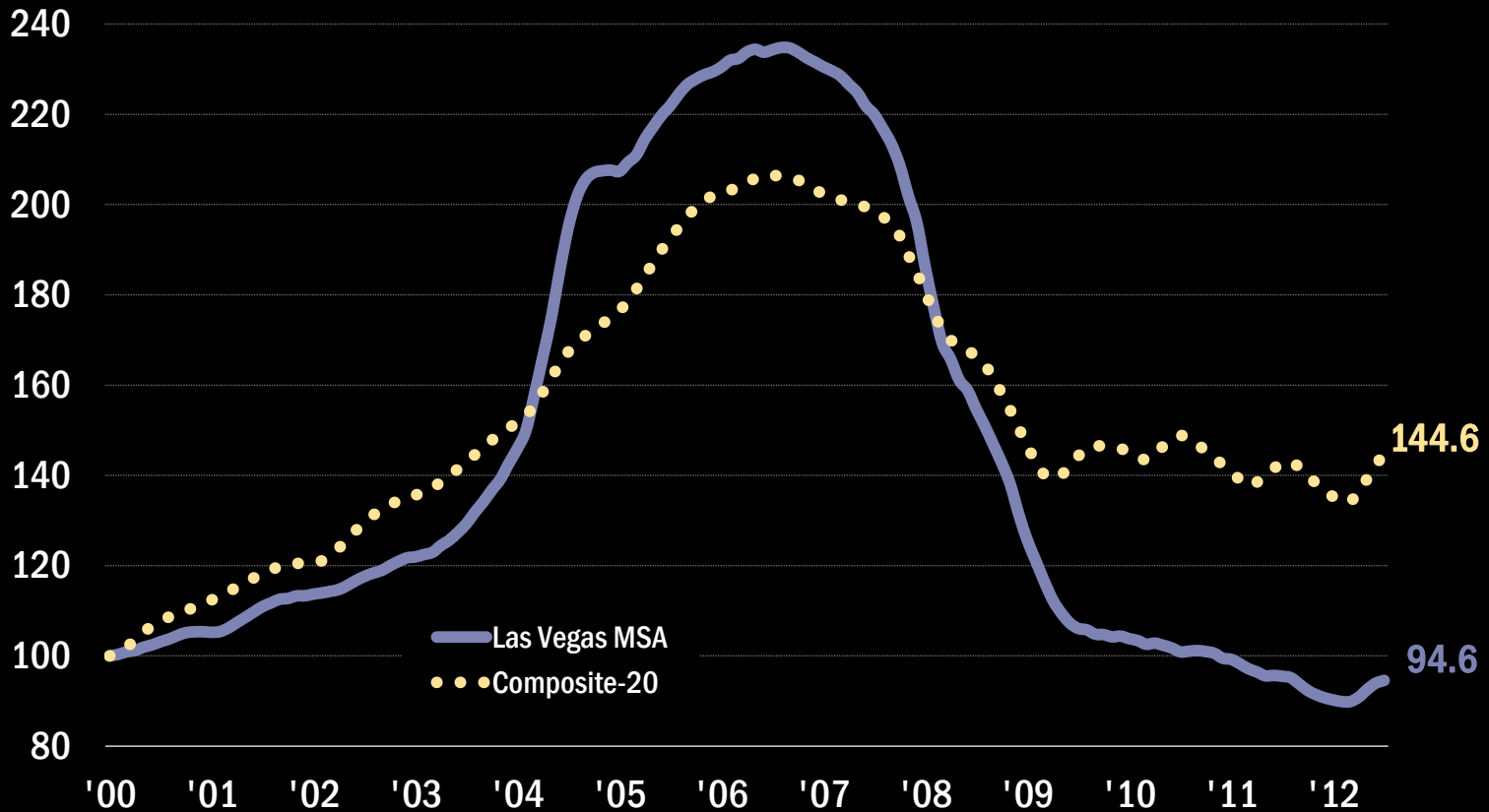
Source: Federal Housing Finance Agency

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

S&P/Case-Shiller Home Price Indices (Not Seasonally Adjusted; January 2000 = 100)



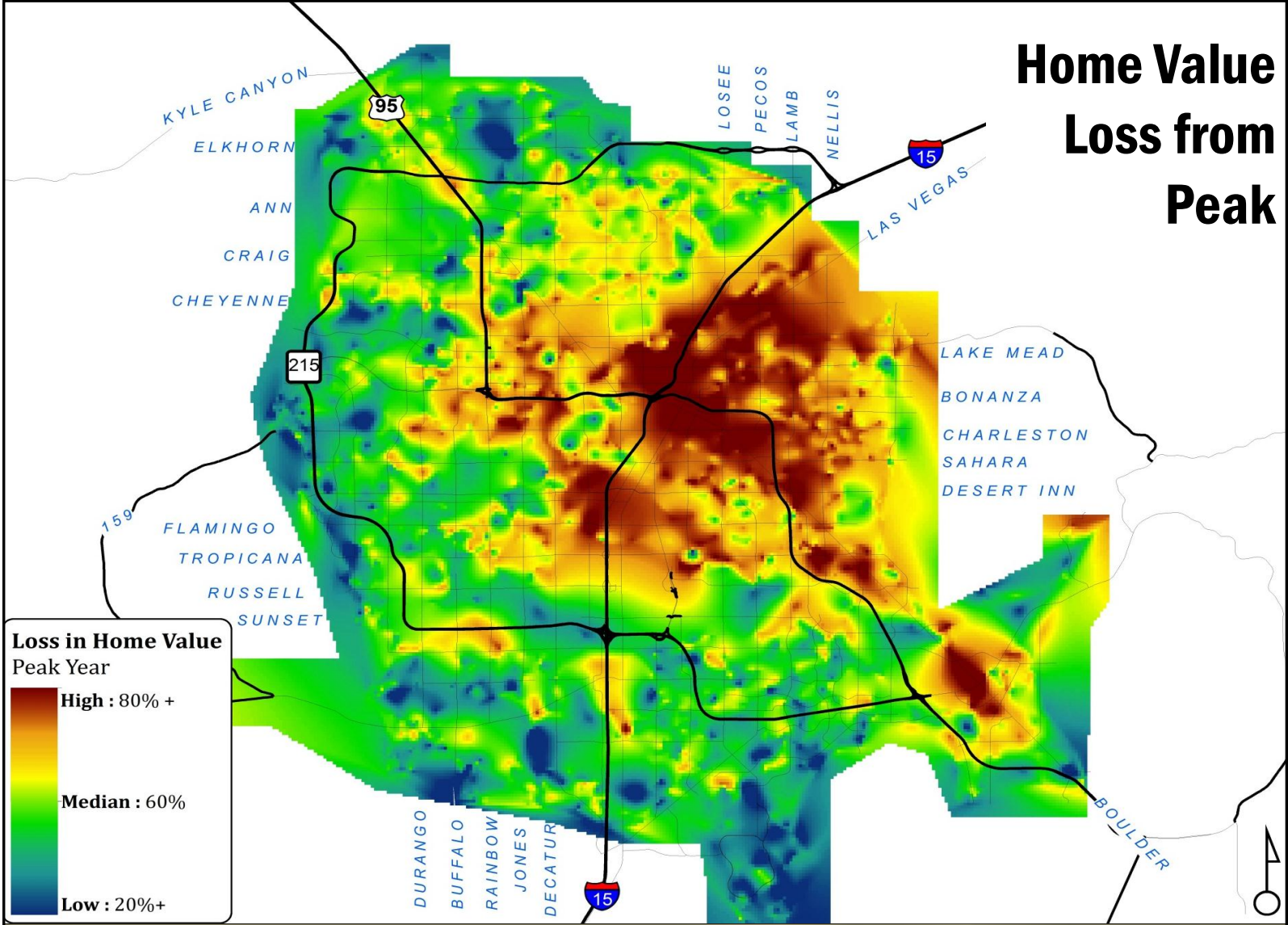
Source: Standard and Poor's

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Home Value Loss from Peak

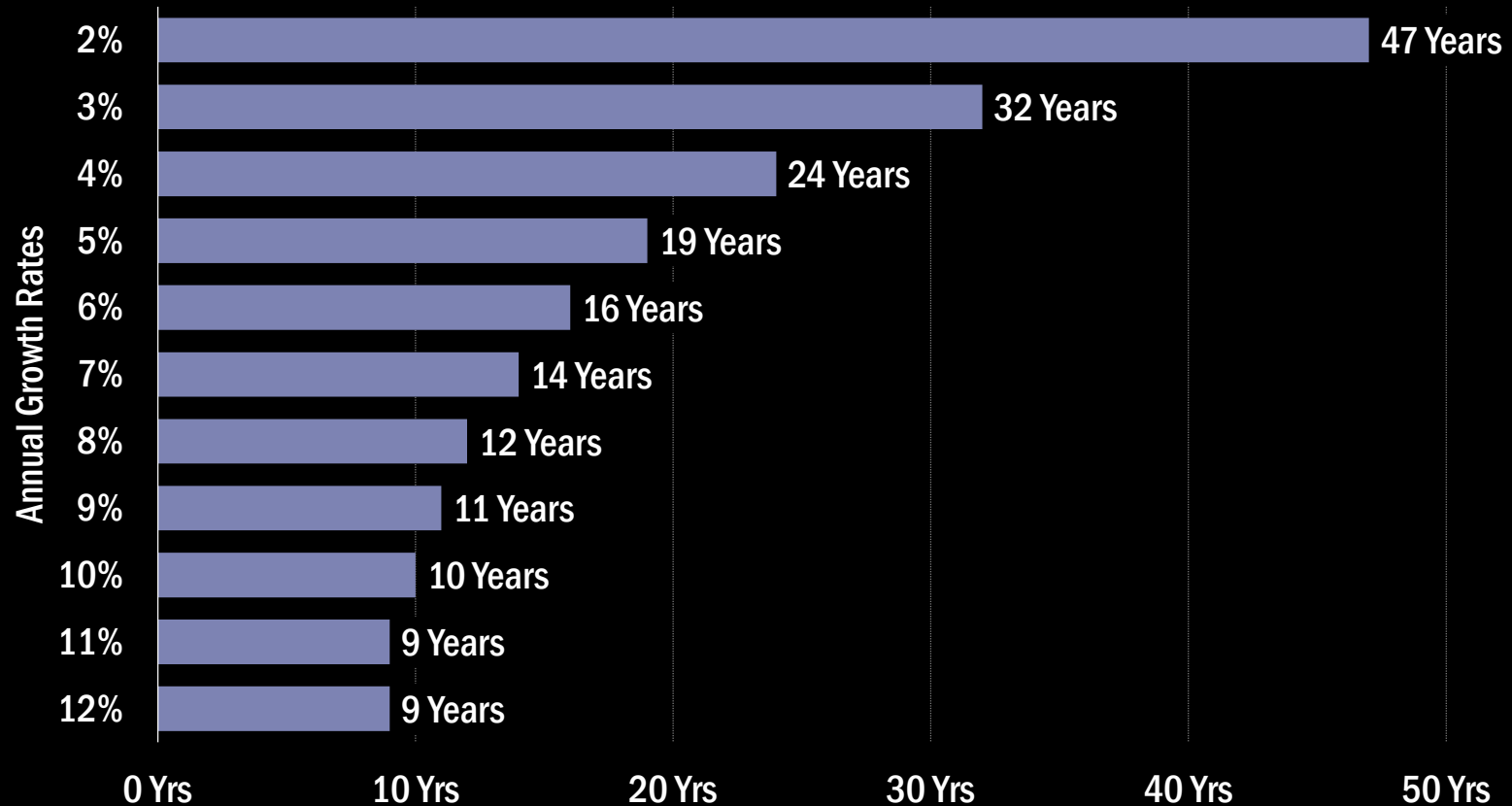


FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Time (in years) to Return to Peak Price Levels Las Vegas, NV MSA | At Various Growth Rates



Source: Calculations by Applied Analysis

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS



FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

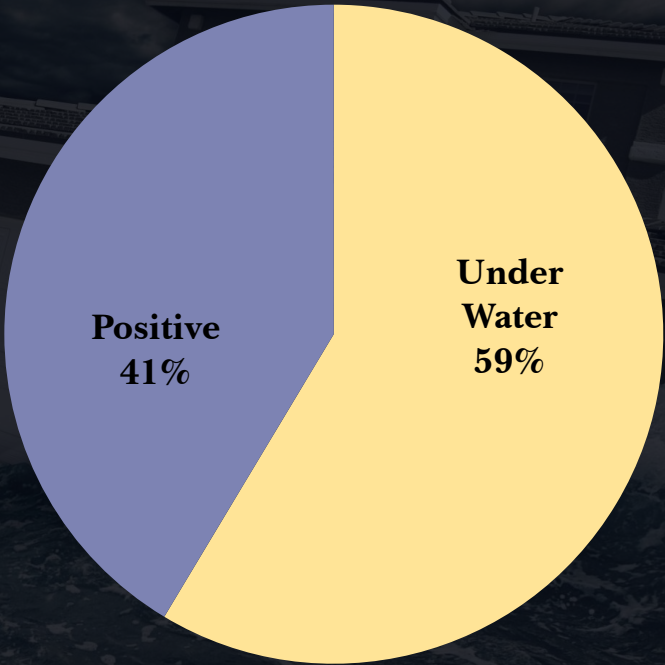


October 8, 2012

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Homeowner's Equity (Second Quarter 2012)

Nevada



Source: CoreLogic

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Annual Gain (Loss) in Housing Values & Foreclosure Escalations



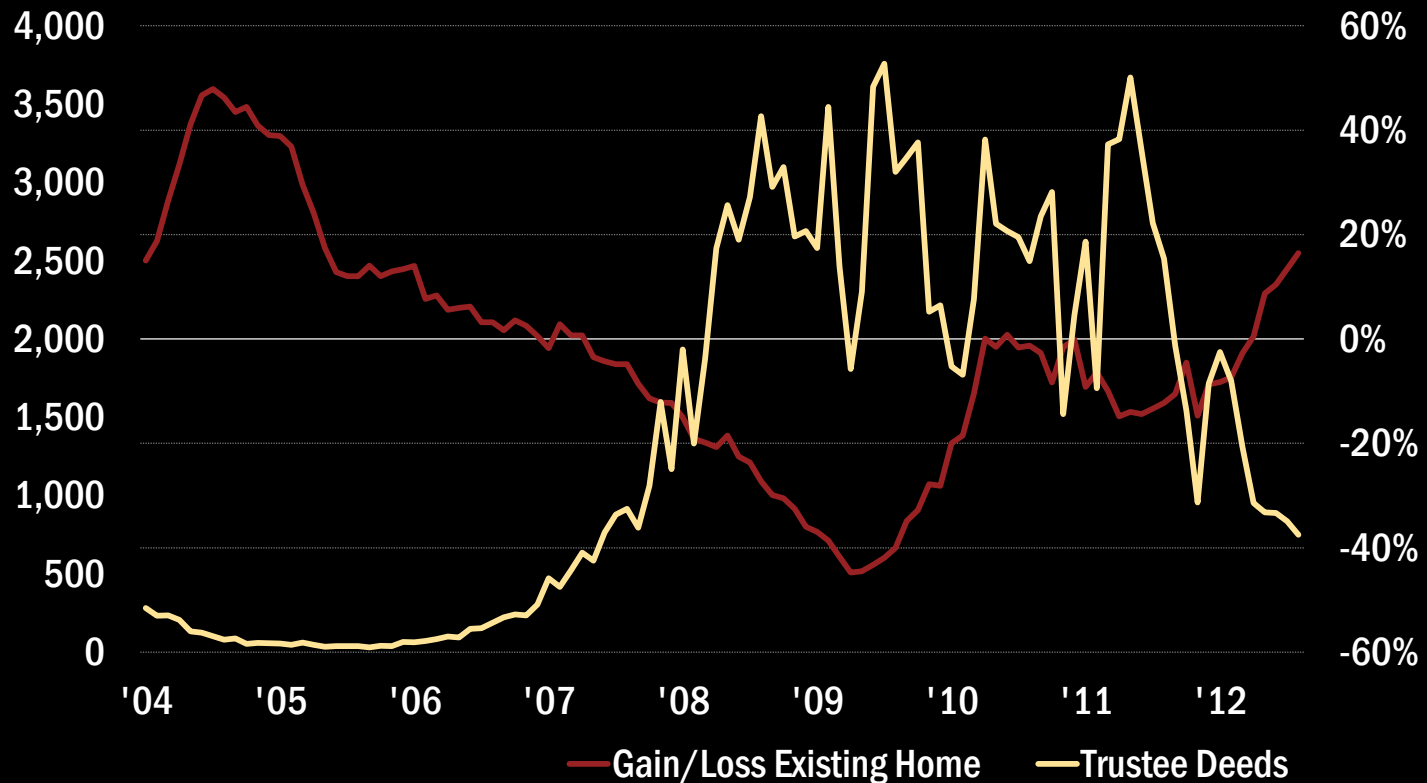
Source: SalesTraq and Clark County Assessor's Office

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Annual Gain (Loss) in Housing Values & Foreclosure Escalations



Source: SalesTraq and Clark County Assessor's Office

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

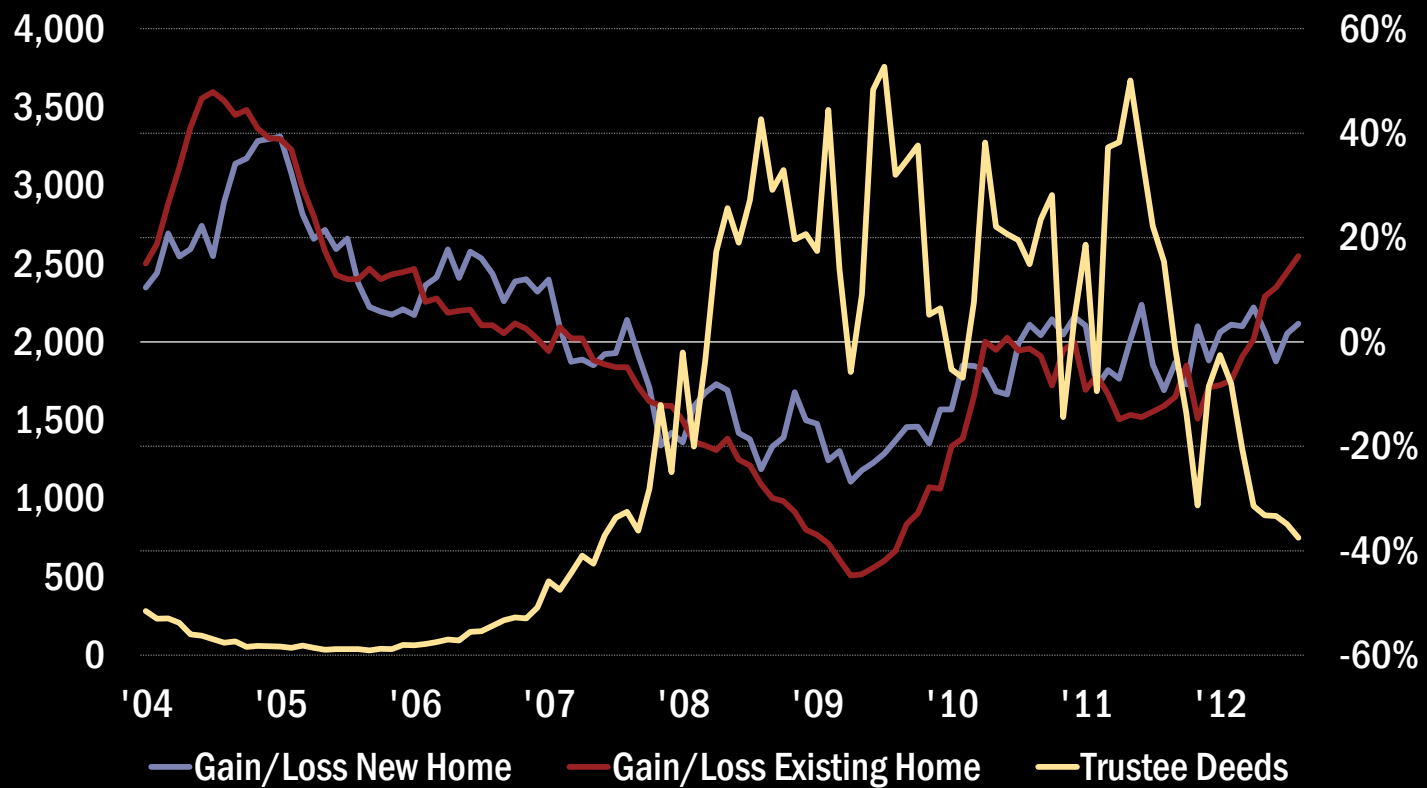


For more information, visit:

www.appliedanalysis.com

October 8, 2012

Annual Gain (Loss) in Housing Values & Foreclosure Escalations



Source: SalesTraq and Clark County Assessor's Office

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



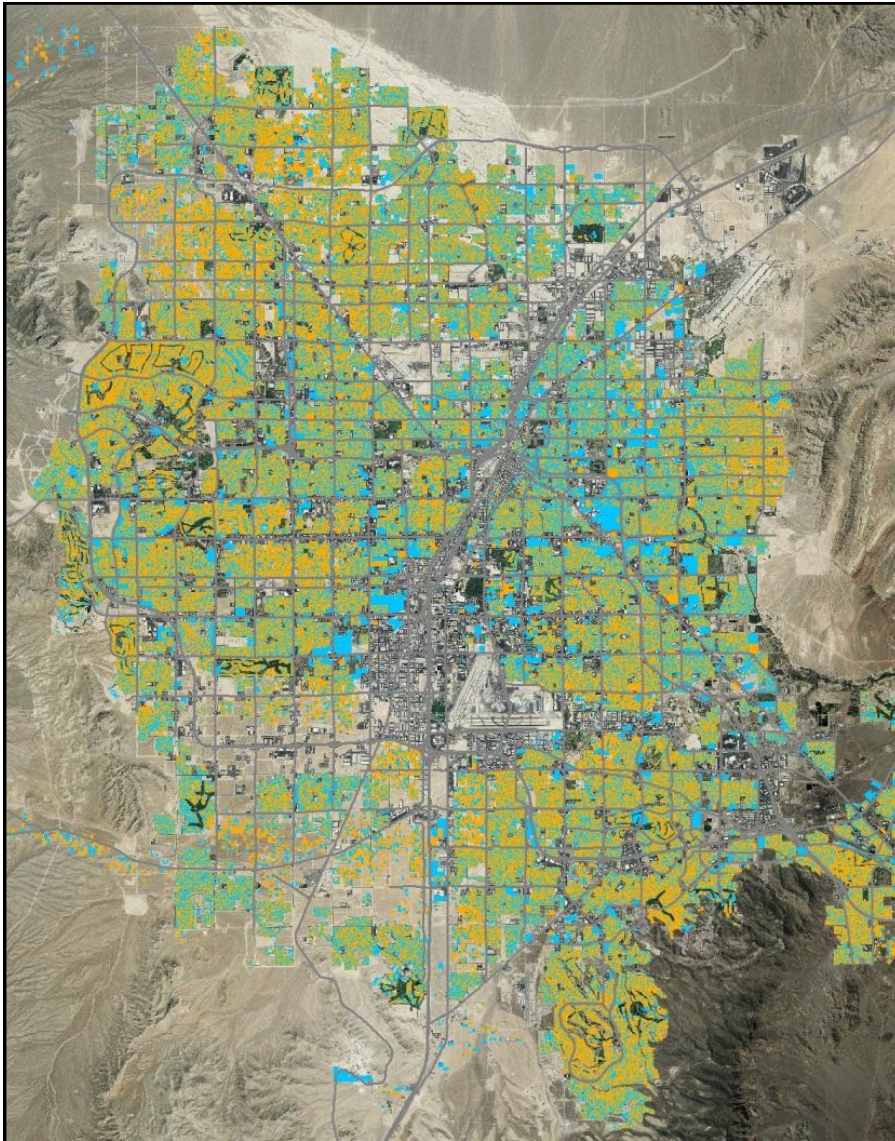
APPLIED ANALYSIS



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October 8, 2012



439,145
Rental Units

vs.

380,242
Owner Occupied
Units

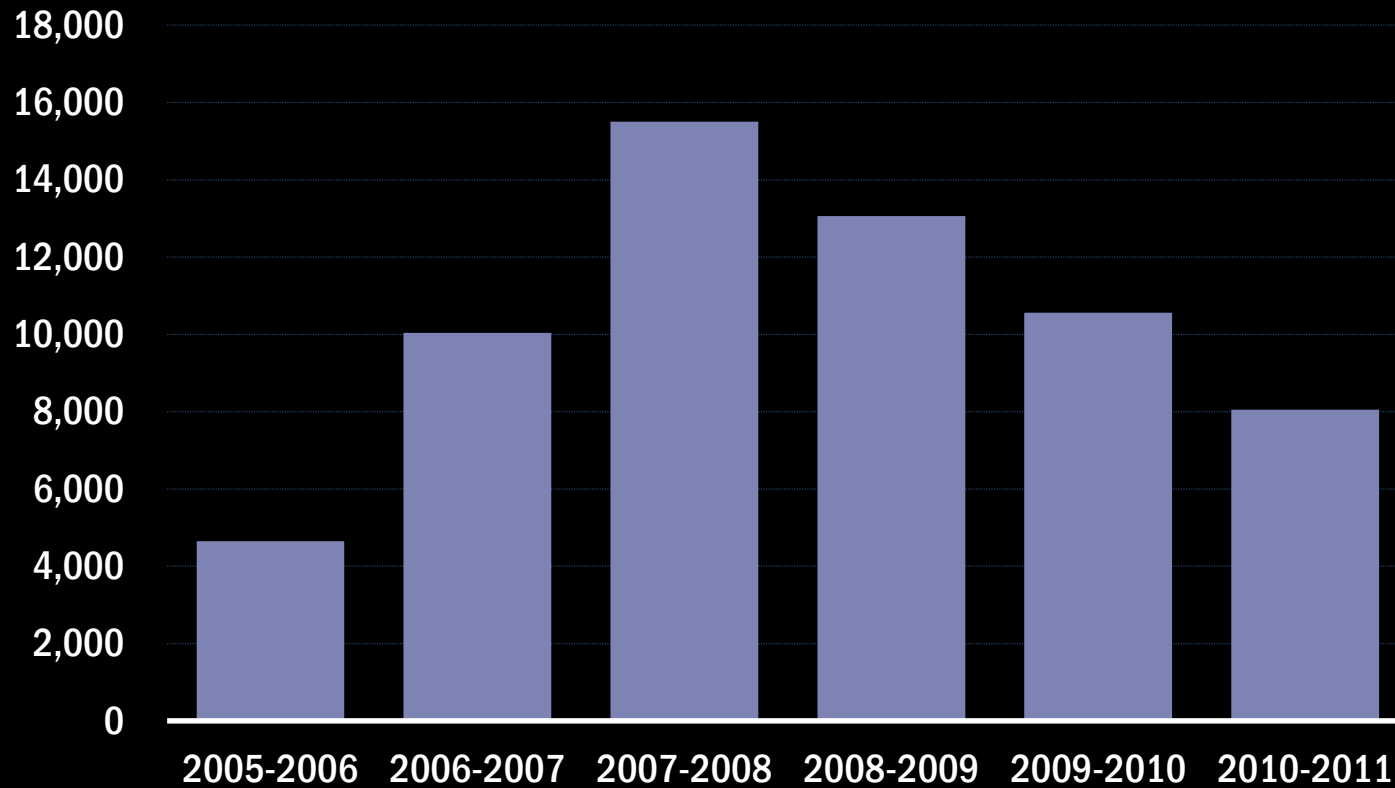
FORECLOSURE CRISES A PAST, PRESENT AND
FUTURE PERSPECTIVE



APPLIED
ANALYSIS



Delinquent Parcels



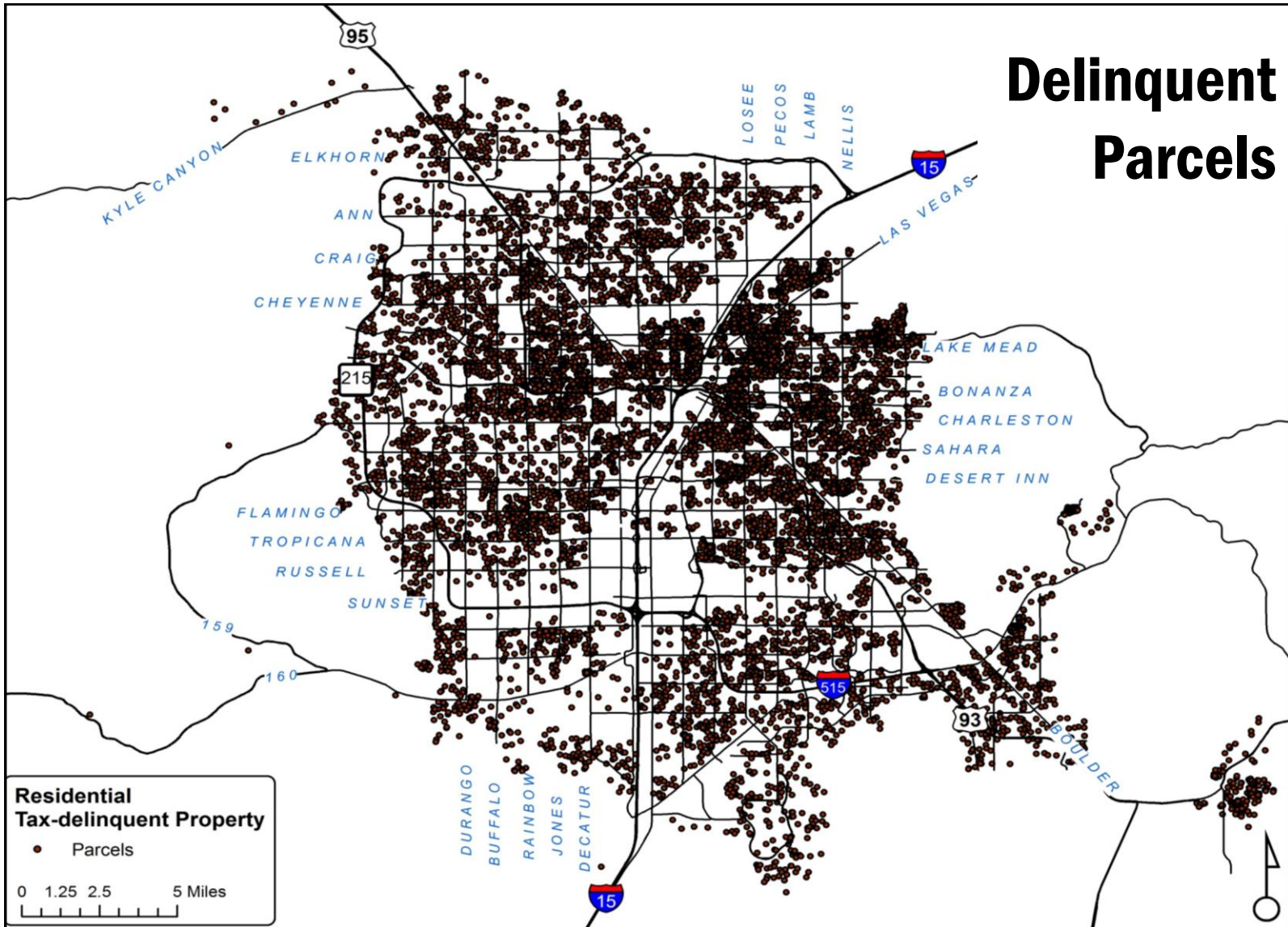
Source: Clark County

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Delinquent Parcels



**Residential
Tax-delinquent Property**

● Parcels

0 1.25 2.5 5 Miles

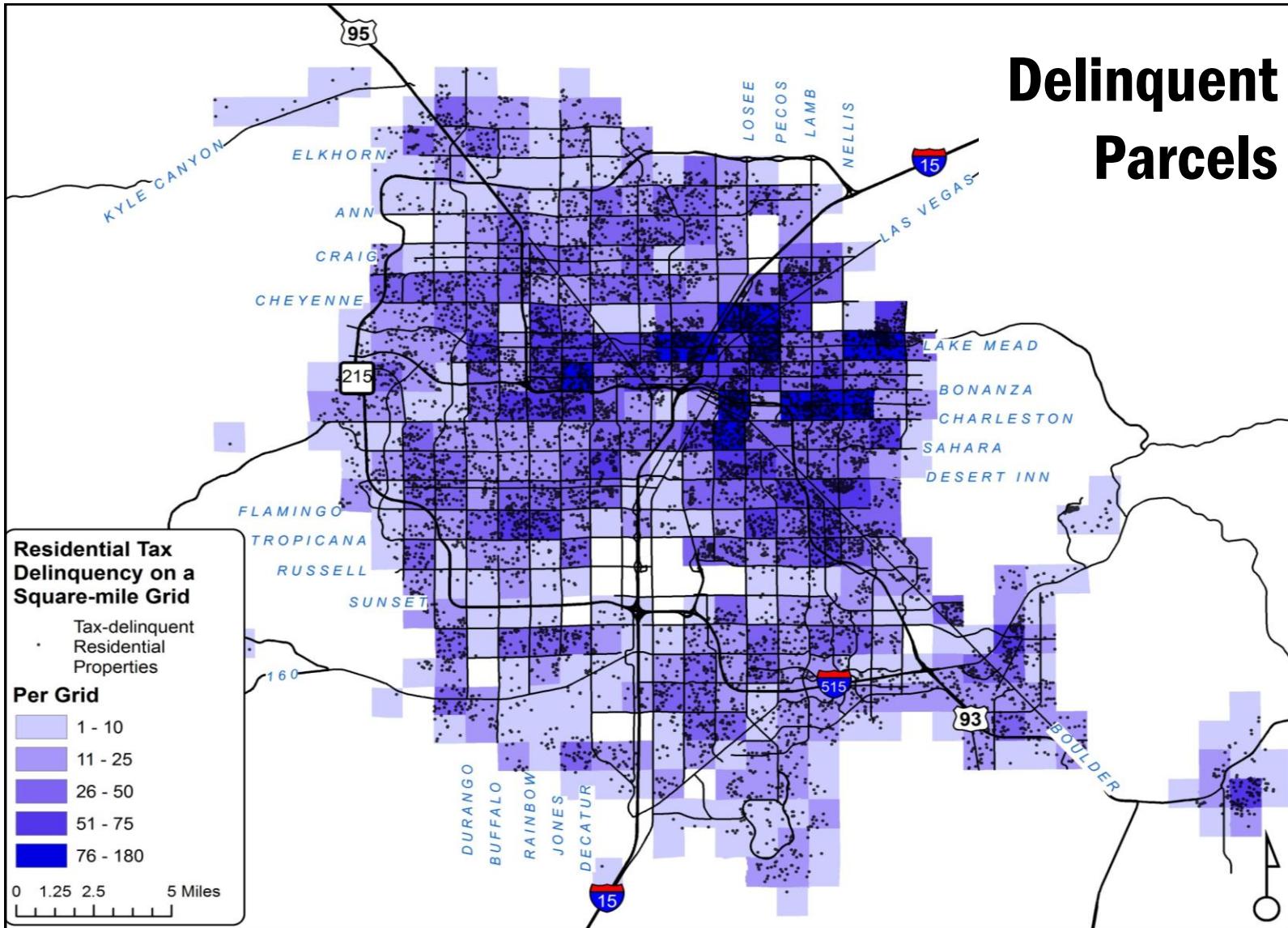
FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS



Delinquent Parcels



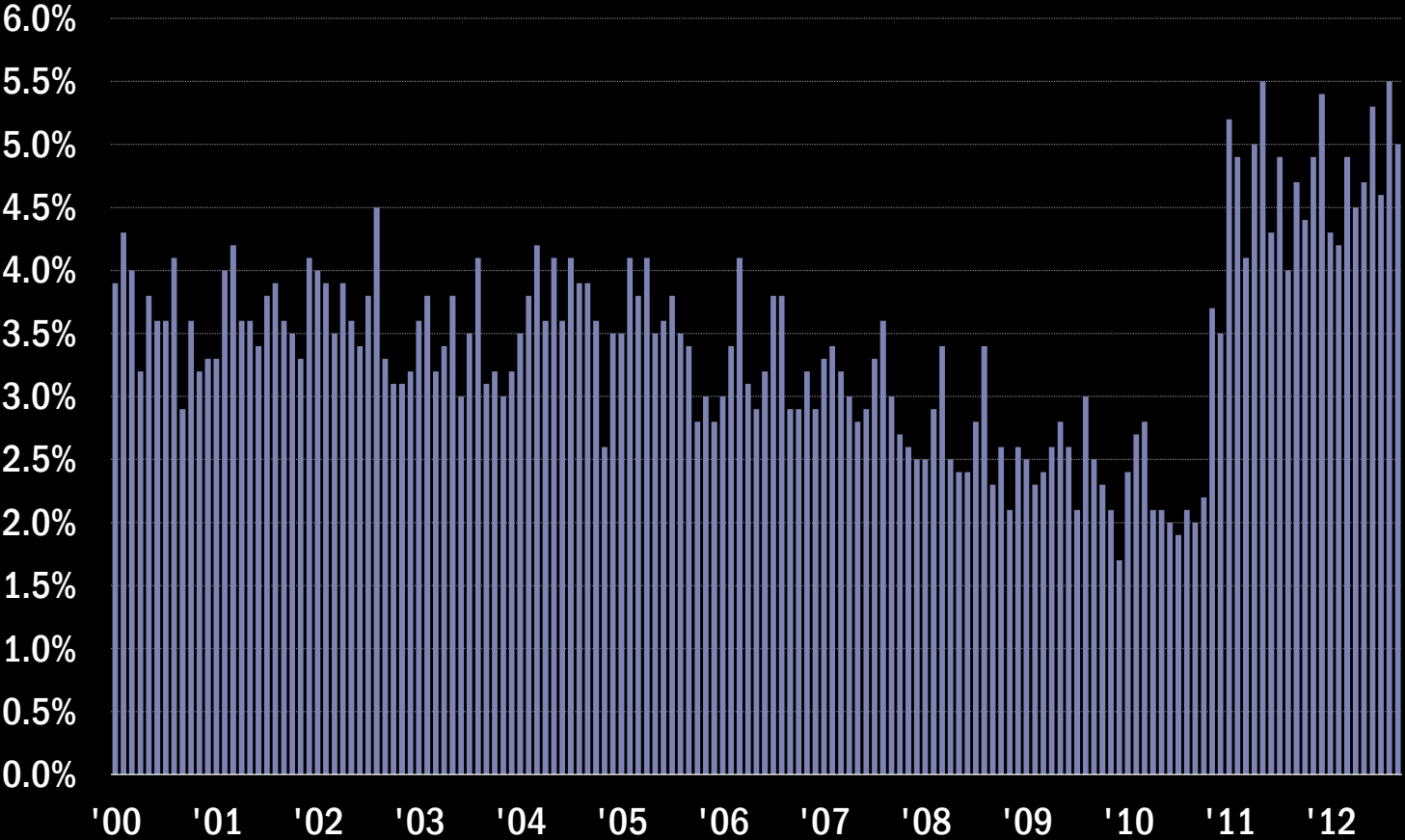
FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS



Plans to Buy a Home Within Six Months



Source: The Conference Board (Consumer Confidence Index)

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS

Where are we headed?



- » **Temporary inventory constraint to impact pricing**
- » **Future valuations to be predicated on longer-run supply-demand balance**
- » **Investor demand (volume) to be tempered by availability and pricing dynamics**
- » **Something has to give... occupancy vs. delinquency**

FORECLOSURE CRISES A PAST, PRESENT AND FUTURE PERSPECTIVE



APPLIED ANALYSIS





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