



Nevada Becomes Fourth State to Ban Use of Eminent Domain to Seize Underwater Mortgages – July 2015

Amending state legislation can be a costly business. But the REALTOR[®] Party found that fighting the use of eminent domain to seize underwater mortgages defensively was proving a more expensive proposition by far. And the price that homeowners and communities could eventually pay for the short-sighted economic practice? Incalculable.

At its 2013 Annual Conference, the NATIONAL ASSOCIATION OF REALTORS[®] adopted an official stance against a government's use of eminent domain in addressing the foreclosure crisis. In the 15 months prior to that, the REALTOR[®] Party had spent well over \$1.3 million assisting a few local associations to combat the threat of such programs. Tackling the problem one-locality-at-a-time meant an endless line of battles on the horizon, so the REALTOR[®] Party developed a more efficient and less costly proactive approach: it began urging state associations to protect property rights by amending their state eminent domain laws to prohibit this particular use of the power. It also created a special initiative within its Issues Mobilization grant program to help them do so.

The REALTORS[®] of Nevada, one of the states hardest hit by the foreclosure crisis, have just succeeded; so has the Alabama association. With the support of the REALTOR[®] Party, they join the states of Maryland and Louisiana, which both amended their state laws in 2014.

Jenny Reese, Director of Public Policy and Government Affairs for the Nevada Association of REALTORS[®] (NVAR), explains the urgency. Mortgage Resolution Partners (MRP), the firm promoting the eminent domain-refinancing scheme to local governments, has been aggressively targeting the nation's most vulnerable states and localities, notably in southern Nevada and northern California. In 2013, they had nearly seduced the city of North Las Vegas, and were only defeated by a fortuitous change in municipal leadership and a major campaign that cost the local, state, and national REALTOR[®] associations over \$1 million. "The REALTORS[®] had won the battle, but MRP threatened to take their case to the legislature. So we had to beat them there."

An Issues Mobilization grant from the REALTOR[®] Party funded the expert legal services of Robinson & Cole, which drafted the legislation that NVAR proposed to the state legislature. "We knew we were in a strong position, because the Speaker of the Assembly had agreed to sponsor the bill," says Reese. "We also had strong allies on the Senate side." NVAR lobbyist Rocky Finseth, together with Reese, worked with lawmakers in both chambers throughout the session, advocating for passage of the new legislation. The bill passed out of both houses



unanimously, and when the governor signed it in to law on June 1, a collective sigh of relief went up from the REALTORS® at all levels. "Because we were successful getting this legislation passed," says Reese, "it will prevent MRP from approaching every local government with its dangerous proposition, which saves untold effort and expense." More importantly, she points out, "Property rights in Nevada were at stake. If we hadn't secured them against this threat, the real estate industry here would be in a seriously weakened condition, especially from a financing point of view. That, of course, is the last thing the state of Nevada wanted."

To learn more about how state associations are using a special REALTOR® Party Issues Mobilization initiative to defeat the threat of eminent domain at the legislative level, contact Jenny Reese, the Nevada Association of REALTORS®' Director of Public Policy and Government Affairs, at jenny@carraranv.com or 775-762-2966.