

HOUSING SLUMP: No notice, no home

More renters left suddenly homeless when homeowners don't pay mortgage

By HUBBLE SMITH
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For one haunting moment, Megan Lane feared she might be roaming the streets with her dog, looking for a sheltered spot to bed down for the night.

Lane received an eviction notice on the condominium she was renting in Henderson with her boyfriend, giving them 30 days to vacate the premises. Having paid the rent on time every month, they were a little shocked.

Oddly, the eviction didn't come from the landlord, but the bank.

That's happening to an increasing number of renters in Las Vegas caught up in the foreclosure mess. They're losing security deposits and rent money because, unbeknownst to them, landlords failed to make mortgage payments and the homes have entered foreclosure.

"We had planned to live there for a year and moving was really expensive, even though it was right around the corner," Lane said. "We had the stress of looking for a new place and the stress of not knowing if we'd have a place to go."

It's a looming problem exacerbated by the current housing market.

Nevada led the nation last year with 3.4 percent of its households in foreclosure, Irvine, Calif.-based RealtyTrac reported. The state had 66,316 foreclosures, a 215 percent increase from 2006.

Clark County had the top seven foreclosure ZIP codes in the country. ZIP code 89131, around Farm Road and Tenaya Way in northwest Las Vegas, led with 627 foreclosed homes sold last year, Las Vegas-based SalesTrac reported. The median price was \$333,000. ZIP code 89031 in North Las Vegas had 502 foreclosure sales at a median of \$240,166.

The situation is not improving. Foreclosures account for a growing percentage of home sales in Las Vegas. Nearly 40 percent of the 983 existing home sales in January were bank-owned properties, Patty Kelley of the Greater Las Vegas Association of Realtors said.

With Nevada's "summary" evictions, or fast-track evictions, renters could have as little as a week to move out of the house and find a new place to live, said Charles Clawson, real estate attorney and president of Noble Title in Las Vegas.

"As foreclosures mount up, you're going to have more and more renters evicted by surprise by mortgage companies," he said. "In addition to my family getting thrown out, there's a \$2,500 security deposit, maybe we just paid the rent. You're talking thousands of dollars. Finding the landlord and getting the unused rent and security deposit back is impossible."

Lane said she was able to use her \$1,200 security deposit as last month's rent. She thought she had found a home that would accept her dog, but the owner "flaked out" and couldn't get a loan.

"Everything bad that could have gone bad did," she said.

Sometimes, renters execute a lease with a landlord who's not even the property's legal owner, Clawson said. There are incidences in Las Vegas of "bad guys" finding a vacant home, changing the locks and renting out the house, he said.

Something similar happened to Jenell and Christopher Chow, who were renting a four-bedroom home in North Las Vegas from an unlicensed business that advertised "rent to own" homes. They had plunked down \$5,200 and were paying close to \$1,900 a month on a two-year lease option.

One November evening, after just six months of living in the house, the Chows got a knock on the door while watching TV with their children. It was someone from the constable's office serving a five-day eviction notice to Scott McCabe and occupants. McCabe had rented them the house.

"We were kind of baffled," Christopher Chow said. "Why were we getting an eviction notice in his name? We called him and he said, 'You're out of luck. You've got to talk to the owner.' 'We thought you were the owner. What about the payments I've been sending you?' 'If you have any problem, talk to the owner.' "

Chow said he called a number on the notice that turned out to be the homeowner's attorney, who said McCabe had rented the home from Pamela Just and had no right to sublease it. The five-day eviction applied only to McCabe, the attorney said, so the Chows were given 30 days to move out if they paid the last month's rent.

"We were just scared," Jenell Chow said. "How are we going to find a place with five kids and two dogs and a cat? And at the time, my mother was living with us."

She said the family might have ended up homeless if not for a friend from Lamb Missionary Baptist church who loaned them money to rent another home in North Las Vegas. They moved in three days before Christmas.

"We did a little more homework this time," she said.

While some states are enacting laws to provide renters more protection, Nevada probably won't be able to do anything until the next session of the Legislature meets in 2009, one lawmaker said.

"There is nothing we can do about (renter problems) in the short run," Assemblyman Marcus Conklin, D-Las Vegas, chairman of the legislative subcommittee to study mortgage lending, told the Review-Journal in January.

Christopher Chow said he didn't have any recourse and advised others to check the records on a home before they rent.

Noble Title offers a \$200 service for renters called a "Request for Notice" that identifies the legal owner of the property and whether or not the property is in foreclosure.

If the landlord is not in foreclosure, the Request for Notice requires the bank to notify the renter should the home go into foreclosure, which would give the renter at least four months to pack up and move before the bank repossesses the home, Clawson said.

"At that point, the renter can at least stop paying rent, or something akin to that, in order to recoup the potentially lost security deposit," he said.

About half of the 22,000 homes for sale in Las Vegas are sitting empty, most of them purchased by investors during the boom years of 2004 and 2005. Now that home values have dropped and adjustable-rate mortgages have reset, the owners can't afford the mortgage, can't sell the house and can't refinance.

Homes are being rented for \$1,000 to \$1,200 a month, undercutting the apartment market and driving vacancy rates to 9 percent.

"You've just got a situation perfect for the landlord to milk out every rental payment and at the same time not make mortgage payments until the bank forecloses," Clawson said. "It's not the mortgage company's fault. They have a right to their collateral. It's just a tough situation for the renter if they haven't protected themselves by having a real estate record search."

Dean Davidson arrived one Sunday at his rented home in the Anthem community of Henderson and found a three-day notice to quit the premises.

"The landlord who we trusted and have been paying rent to foreclosed and his home, the one we were renting, was auctioned," Davidson explained. "He didn't tell us about the foreclosure and continued to collect rent as if nothing had happened. Now we are being asked to leave or we will be evicted after having no knowledge and being blindsided. I can't move a family of four and an elderly man in three days. Where am I supposed to go?"

Clawson said several people have sought his help, including one of his own employees. But, he added, there's little he can do when the foreclosure is pending, other than sue the landlord for breach of contract.

And good luck finding them.

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