

How Technology Can Help Lenders Handle Historic Surge in Loan Modifications

By Scott Stein ¹

Five and half million U.S. mortgage loans are currently in some stage of delinquency. And following close behind are more than \$1 trillion in adjustable-rate mortgages estimated to reset by 2012, with the number of borrowers who face rate increases peaking during the third quarter of next year.

Bank of America, for instance, added 24,000 borrowers to its ranks of Home Affordable Mortgage Program loan modifications in April—a figure that doubled the company's previous all-time high from one month earlier. This growing trend is expected to persist for at least the next three to five years as depressed home values, high unemployment rates and tightened credit conditions prevail.

In this environment, lenders need a solution that enables them to handle the increase in loan modification activity expeditiously. Fortunately, new features in popular loan management platforms, such as XetusOne, enable lenders to quickly and easily analyze risk and mitigate losses when making decisions on loan modifications.

The key to assisting lenders with an increasing array of issues related to the market turmoil of the past few years is for more nimble software-as-a-service vendors to provide new, powerful capabilities that traditional loan origination systems do not offer. The superior, collaborative qualities of a true web-delivered framework bring decision-making power right to the desks of modification processors, but always reinforced by risk experts who need simultaneous access to the electronic modification folder.

XetusOne, for example, provides a “loan management platform” that allows financial institutions to originate, subordinate and modify both first and second mortgages within a single environment. The modification options include full support of Treasury's HAMP and 2MP programs. Because these new capabilities are available together in a standalone application, any lender can utilize just a specific set of features from the loan management platform on a per-loan priced basis.

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¹Scott Stein brings more than 20 years of executive, sales and business development experience to Xetus Mortgage Co., Palo Alto, Calif. (www.xetus.com). He has extensive experience in developing business with leading banks, insurance companies, credit unions and strategic technology partners.

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How Technology Can Help Lenders Handle Historic Surge in Loan Modifications

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The power of web-delivered software combined with a unique architected, role-based platform gives users inside and outside the enterprise the ability to collaborate—despite being thousands of miles apart. This transparency allows a processor to grant the borrower limited access to the file to view certain information for a specified period of time, essentially removing geographic barriers and placing all participants around a virtual conference room table.

Via the web, lenders have the framework to work together with the borrower to analyze cash flow scenarios, loan programs and other factors that contribute to the decision on how to best modify a loan to avoid future default. The processor and underwriter can simultaneously access the same information to discuss a decision. When the addition of documentation to the borrower's file becomes necessary, the document—hardship letter, verification of employment or financial statement—can be faxed or scanned directly into the borrower's electronic file.

For loans qualifying for HAMP modification—whether in a lender's portfolio or serviced for the GSEs—a quick and easy recommendation on whether to pursue a modification can be provided. XetusOne, for example, computes the net present value of the proposed modification and the NPV of the existing loan, all according to Treasury standards. The proposed modification is achieved through a “waterfall” of reduced interest rate, then increased term, and finally forbearance of some portion of the unpaid principal in order to achieve a 31 percent housing ratio.

The decision to modify is just the start. Finding the best HAMP modification for both the borrower and the servicer means finding the best partition of the unpaid principal into the amounts that the servicer will amortize, forbear, and forgive. The answer isn't easy because the factors to the NPV model are interconnected. For example, CLTV is tied to forbearance and forgiveness—but also to a borrower's willingness to make payments. The relative strength of a real estate market may justify forbearance over forgiveness in an area because housing prices are stabilizing. This is just a peek into the tangled web.

The advantage of a loan management system built on a robust origination system is clear throughout the process. When the terms of the modification are set, the documents required for signature and

recording may be automatically generated, just as with origination documents. All files, along with supporting documentation and system-generated notations, are stored electronically for compliance and audit purposes. The strict guidelines on equal treatment of borrowers in similar circumstances make this automatic annotation and tracking feature a crucial benefit. Reporting is another crucial feature, a requirement to satisfy HAMP/2MP requirements and guarantee timely payment of incentives.

The addition of this technology to a lender's existing workflow turns a murky, paper-intensive process into a paperless one with a clear decision path. It requires less effort because SaaS allows the lender to access the service through an Internet browser. Users have immediate access because there is no special hardware or software to install or maintain. In the case of XetusOne, the architecture allows straightforward integration with the lender's legacy servicing platform, providing the data to be used in making the loan modification recommendations and specifications. These automatic determinations allow effortless re-examinations of financial risk, minimizing exposure in a fluctuating market by identifying situations where either a short-term or long-term modification makes sense.

This is a great example of a case where the rapid deployment of application-specific technology can quickly and effectively solve a critical problem facing financial institutions as a result of an economic upheaval. The implementation of a software-as-a-service loan management platform can redefine “business as usual” for all sizes of organizations by providing results in a matter of weeks, rather than years.

Construction-at-a-Glance

	Aug. 09	Aug. 10
Total Monthly Housing Starts*	585	598
One Unit	482	438
Multifamily	103	160
YTD Permits-Single Family*	482	401
YTD Permits-Multifamily*	128	168
Monthly New Home Sales*	405	288
Unemployment Rate	9.7%	9.6%

*Thousands of Units

Source: U.S. Bureau of the Census, Construction Reports, Series C-20, Housing Starts. U.S. Bureau of Labor Statistics.

Fannie Provides Nearly \$6B to Multifamily

By Michael Murray²

Fannie Mae provided \$5.9 billion in investment to the multifamily rental housing market for the first half of this year, mostly through its Delegated Underwriting and Servicing mortgage-backed securities program. During the first half of this year, the DUS MBS product delivered \$5.5 billion of the \$5.9 billion invested in multifamily.

Realpoint: CMBS Delinquencies Up to \$60.45B in June

June's delinquent unpaid balance for commercial mortgage-backed securities increased by \$3.11 billion, up to \$60.45 billion, up from \$57.34 billion in May.

Special servicing exposure increased for the 26th straight month through June. The unpaid balance for specially serviced CMBS under review jumped by \$5.23 billion on a net basis from May, up to a trailing 12-month high of \$88.6 billion.

The 267 newly transferred specially-serviced loans, at \$9.865 billion in June, included 168 at \$8.97 billion issued from 2005 through 2007. As a result of transfer activity, the corresponding percentage of loans in special servicing increased to 11.3 percent of all CMBS by unpaid balance in June, up from 10.6 percent in May.

Realpoint reported that the volume and unpaid balance of CMBS loans transferred to special servicing on a monthly basis "continues to raise questions about underlying credit stability in today's market climate for these more recent vintage CMBS deals."

Distressed 90+-day, foreclosure and real estate owned categories increased by \$2 billion, or 5 percent from the previous month, and \$30.71 billion, or 214 percent from the past year—up from \$14.34 billion in June 2009. The 30-day delinquencies increased by \$3.2 million while the 60-day category declined by \$2.06 million from the previous month.

Four of the five delinquency categories increased and delinquent unpaid balances were up 111 percent from one-year ago when \$28.64 billion of delinquent unpaid balance was reported for June 2009.

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Baltimore, MD

National Association of Government Guaranteed Lenders (NAGGL) Annual Conference

October 26-28, 2010

Disneyland Hotel
Anaheim, CA

National Association of Development Companies – 2010 Eastern Regional Meeting

November 14-16, 2010

Marriott Long Wharf
Boston, MA

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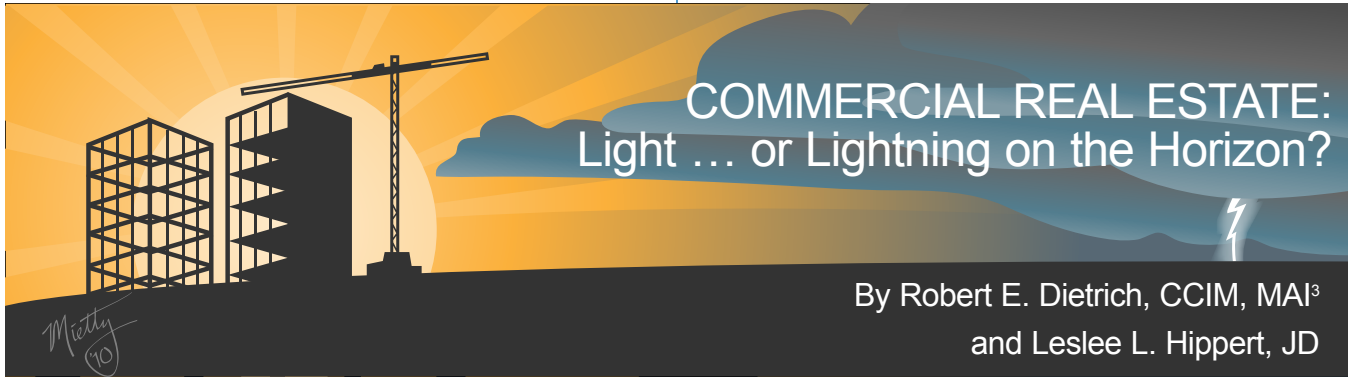
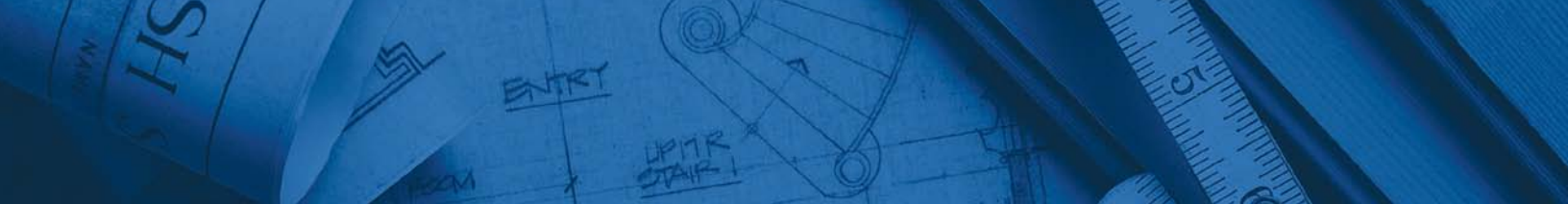
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COMMERCIAL REAL ESTATE: Light ... or Lightning on the Horizon?

By Robert E. Dietrich, CCIM, MAI³
and Leslee L. Hippert, JD

Commercial real estate values took a major hit in 2008. The big question now is: Has the market stabilized, or is the light breaking on the horizon signs of a new storm that will bring yet more pain to owners and lenders in the commercial real estate sector?

What Happened?

To understand where we are headed, we need to understand what caused the market to change. The commercial credit markets essentially froze in late 2008 after bank failures and a global loss of financial confidence. Central bankers and policy makers implemented draconian measures to reverse the tide and return liquidity to the market. The fall into the abyss was averted, but the residual impacts remain.

One of the primary mortgage sources for commercial real estate during the last decade was securitized mortgages (Commercial Mortgage Backed Securities, or "CMBS"). While not the only source of loans for commercial real estate, CMBS provided liquidity for property types that were not served by bank and life companies (self-storage, multi-tenant offices, etc.). After 2000, the U.S. CMBS issuance grew to about \$78 billion in 2003 and continued to rise steadily to a peak of \$230 billion in 2007. The wheels fell off the CMBS wagon in 2008 when only \$12 billion in new CMBS was issued and, in 2009, only \$3 billion. At the same time, \$171 billion in CMBS loans came due in 2009, while another \$121 billion will become due during 2010 with virtually no new CMBS planned for issuance. As shown below, maturing issues will grow tremendously, with the peak hitting in 2017.



Where are we now?

Through the first quarter of 2010, the U.S. market saw \$2.3 billion in CMBS issuance, compared to no issuance in the first three months of 2009. It appears that some recovery is occurring. However, unless there is a dramatic increase in CMBS issuance, there will not be adequate funds to renew maturing issues in the future.

How does the lack of mortgage financing create problems for commercial real estate? Simply stated, the loss (or reduction) of leverage has resulted in a loss in value, which makes it difficult to refinance loans made in healthier economic climates. Without new financing, foreclosures occur and this exacerbates the problem.

How big is the problem?

While everyone seems to understand that the commercial real estate markets are in trouble, the magnitude of the problem is not clearly understood by most. Values are recognized to have dropped in most markets, but the amount of adjustment has been difficult to ascertain due to the dearth of transactions.

In June 2009, Green Street Advisors, a prominent REIT advisory firm, presented some assessments

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³Robert E. Dietrich, CCIM, MAI, is a Managing Director of FMV Opinions, Inc. in the Irvine, California Office and manages the firm's Real Estate Valuation Services Division. Mr. Dietrich has more than 25 years of experience in preparing real estate consulting and valuation studies on commercial, industrial, residential, agricultural and special purpose properties for a wide variety of public and private corporations and government entities.

Commercial Real Estate

(continued)

relevant to the commercial real estate market sector. In describing the impact on commercial real estate as a one-two punch; they believed that cap rates would return to pre-run-up levels due to more expensive debt and increased return requirements. They describe this as the “969” phenomenon – a pattern of cap rates – not an area code! The point is that cap rates were close to 9% (for many sectors) early in the decade and even back into the 1990s. They dropped to 6% with easy credit (cheap and poorly underwritten), and are likely to return to the 9% level when the market finally re-stabilizes.

To understand the impact of this statement, the chart below shows the impact on office cap rates based on reduction in leverage⁴. The calculation shows that credit freeze in late 2008 reduced leverage, and caused an increase in cap rates of about 15%. This resulted in a drop in property values of close to the same amount.

Cap Rate Comparison – Pre and Post Credit Freeze

Cap Rate Prior to Credit Freeze (Spring 2008):					
Loan:	70%	times	7.26%	=	5.08%
Equity:	<u>30%</u>	times	6.50%	=	<u>1.95%</u>
Total:	100%				7.03%
Cap Rate (Rounded):					7.05%
Cap Rate After Credit Freeze (Spring 2010):					
Loan:	50%	times	7.26%	=	3.63%
Equity:	<u>50%</u>	times	9.00%	=	<u>4.50%</u>
Total:	100%				<u>8.13%</u>
Cap Rate (Rounded):					8.15%
Change in Cap Rate:					15.9%

At the same time when cap rates have been increasing, rents have been declining and vacancies have been increasing. The combination of increasing cap rates, increasing vacancy and decreasing income, has resulted in a drop of over 40% from pre-financial-melt-down values to the end of 2009 as shown in the table below.

⁴Loan Constant 30-year amortization, due in 10. Interest rate = 6%. Rates for leased office. Assumes no change in vacancy and rent

⁵Grubb & Ellis

⁶Grubb & Ellis

⁷REaltyRates.com

In the office market sector, which suffered a drop of about 18% during 2009, several factors affected net income:

- The office vacancy rate ended 2009 at 17.6%, up from 14.8% at year-end 2008 (Grubb & Ellis) – a sharp increase.
- Office rental rates dropped 4%, according to Grubb & Ellis, but effective rent – including free rent and other concessions – dropped by 12%.
- Inflation in operating expenses continues to increase at near inflation rates of 2% to 3% (IREM).

The chart below shows the impact on office values generated by changes in net income and cap rates. The combination of increasing cap rates, increasing vacancy and decreasing income, resulted in a drop of over 40% from pre-financial-melt-down values by the end of 2009.

		2008	Change		2009
Gross Income ⁵ :		\$100,000	-12.0%		\$88,000
Vacancy ⁶	14.8%	<u>\$14,800</u>		17.6%	<u>\$15,488</u>
Effective Gross Income:		\$85,200			\$72,512
Expenses ⁷ :	50.0%	<u>\$42,600</u>	2.0%	59.9%	<u>\$43,452</u>
Net Income:		\$42,600			\$29,060
Divide by Cap Rate:		<u>7.05%</u>			<u>8.15%</u>
Value Indicated:		\$604,255			\$356,564
Indicated Value Drop:			41.0%		

Given all the facts, what we can see is that the reduction in leverage and declining demand (increased vacancy and decreased rents) for office space has managed to magnify the value decline. Again, this is largely explained solely by the loss of leverage.

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Commercial Real Estate

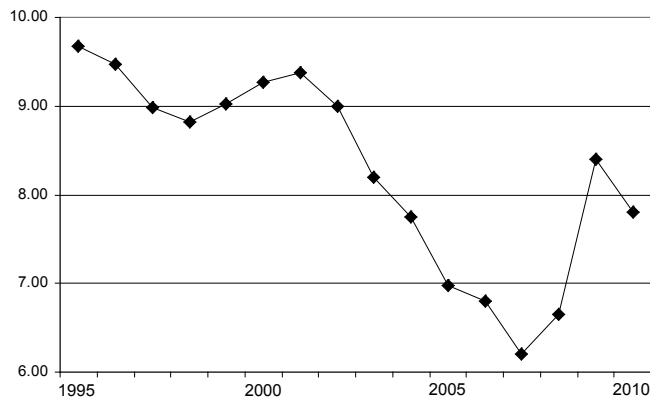
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Where are the markets heading?

Now that we have examined where we are and analyzed how we got here, we need to determine where the market is headed. There are a number of factors that will affect the stabilization and recovery of the commercial real estate markets. Unemployment remains a major negative factor in the office and industrial markets. Employment growth means that businesses will need to house increased numbers of employees and, therefore, the demand for office and industrial real estate space will increase.

FMV searched nationally for sales of Class A office (and industrial) buildings over 100,000 square feet.

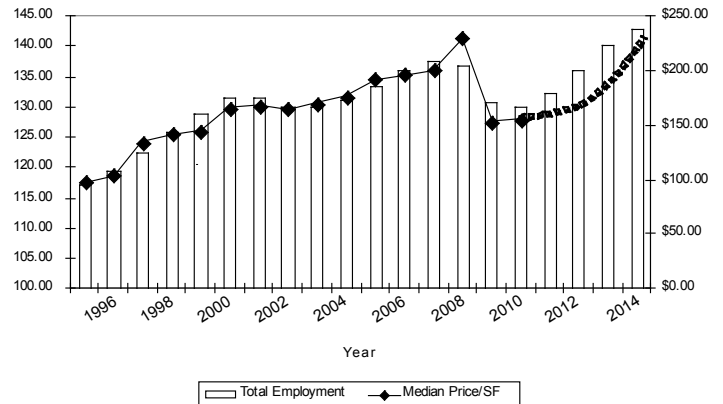
National Office (Class A) Overall Capitalization ("CAP") Rates



From this information, we extracted cap rates. The results of this research are shown below. As can be seen in this graph, cap rates moved up sharply in 2009, consistent with our estimates. The "969" trend is also quite visible. However, through mid 2010, some easing is apparent.

Our research compared the sales prices (per square foot) for office space over the past 15 years to total employment. We found that there is a very close relationship between the two factors. While office prices dropped sharply in 2009, prices have appeared to

National Office (Class A) Price v. Employment



Sources: Sales data: Costar Comps. Inc. Employment data: Moody's

stabilize in the first 2010. We project that as employment begins to increase, office prices will start to rise. The chart below shows the relationship between employment and national office values over the past few years and projected through 2014.

The current stabilization appears to be reflective of a flight to quality. A graph showing the average office transaction size in square feet is shown on the following page. It appears that one of the reasons for the increased average transaction size is that real estate funds have been forced to put money into investments this year. When investing, they are paying a premium for large, high-quality investments.

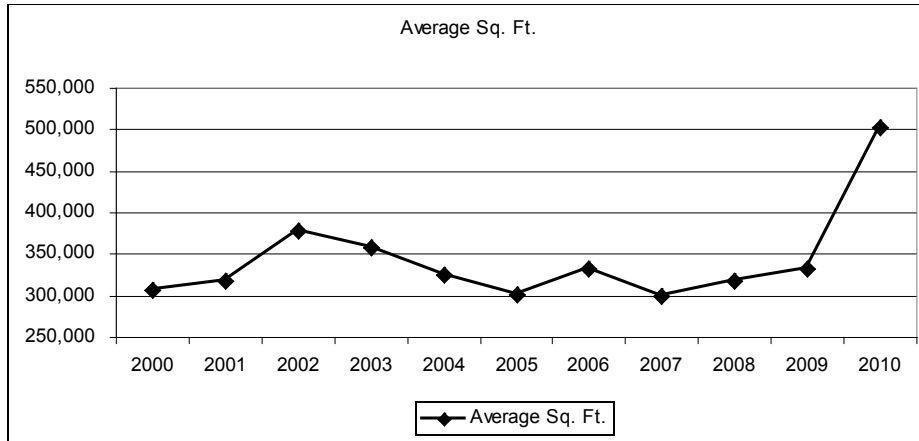
According to the most recent Pricewaterhouse Coopers survey for 2010, the majority of the commercial real estate industry is expected to remain in recession until late 2010 or 2011. The recovery will materialize first in the office sector in 2011 and strengthen in 2012. The office market will still remain constricted by falling rents and low occupancy throughout 2010.

It appears that the market is attempting to stabilize but may drop as more jobs are shed in 2010. Moody's is predicting that the bottom in employment will not be reached until later this year. Does this mean that values will recover at the same pace as

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Commercial Real Estate

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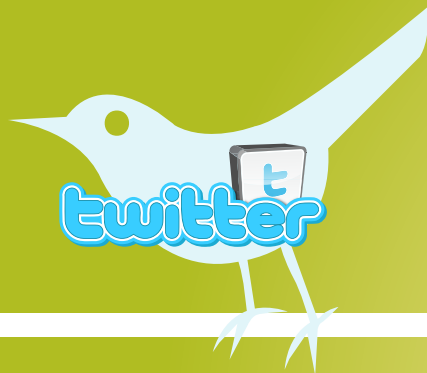
employment? The answer is that it probably will not. As seen in the chart above, there is momentum in the cycles of commercial real estate due to lag time in bringing product to market, as well as the use of leases for periods of several years. As also shown, office values peaked nationally in 2008, after

employment started to fall. This means that the recovery in the office market will likely lag at least a year, or more, behind the recovery in unemployment.

Closing Thoughts

The interesting wild card in the recovery is the capital markets. If Green Street Advisors is correct and cap rates adjust up to long-term averages approaching 9%, then values will not adjust to levels reached at the peak period of 2005 through 2008. Instead, capital return requirements, coupled with more stringent underwriting requirements, surely, will result in higher cap rates and concomitant lower long-term values. It may be many years before values reach the peak levels of only a very recent few years ago.

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Real Estate Outlook: Sales Jump

by Kenneth R. Harney⁸

The economic recovery continues to bump along in a "fits and starts" pattern, but what's important to keep in mind is that the core trendline remains positive.

Take the latest housing numbers released last week. New home sales, which had been anemic following the expiration of the tax credit deadlines, bounced back with vigor in June, according to the Commerce Department.

Single family sales jumped by 24 percent seasonally-adjusted basis over May, and were 19 percent above the totals for June 2009.

The sales rebound verged on spectacular in the Northeast region—up 46 percent over the prior month. Gains were 33 percent in the South, and 21 percent in the Midwest.

Only the Western states saw a drop in new sales, and that was by 7 percent.

Bob Jones, chairman of the National Association of Home Builders, called the latest sales figures "an encouraging sign" that housing activity is springing back from the expected deep lows experienced after the credits expired.

Prices of all homes—existing and new—also continue on a path of modest recovery, according to the latest Standard & Poor's Case-Shiller index. The widely-watched report on values in 20 major markets found gains in all but one area—Las Vegas, where distressed sales transactions dominate real estate activity.

On a national average basis, home prices were 1.3 percent higher compared with the month before, but they gained 4.6 percent year-over-year.

Three metropolitan markets tracked by Case-Shiller recorded year-over-year price increases in double digits: Minneapolis and San Diego, up by 12 percent, and San Francisco by 18 percent.

Other markets also saw noteworthy annualized gains: Los Angeles prices were up by nearly 10 percent, Phoenix and Washington DC by 7 percent, and Boston by 5 percent.

Still another positive sign: mortgage applications to buy houses continue to increase, after weeks of being down. The Mortgage Bankers Association reported a 2 percent jump in purchase applications last week - even while refinancing applications dropped 4 percent despite record low mortgage rates.

On the sobering side of the fits and starts pattern, we saw consumer confidence decline by four points in the latest month, according to the Conference Board - in large part because of continuing worries about unemployment.

And the Federal Reserve's monthly "beige book" survey of economic conditions around the country offered only mild optimism about how fast employment is likely to expand.

Though the Fed found gradual improvement in jobs in several large market areas, including New York and Chicago, it still does not forecast any upside employment breakouts in store nationwide.

Slow and modest are more likely.



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⁸Kenneth R. Harney writes an award-winning, nationally-syndicated column on housing and real estate from Washington, D.C. He is also managing director of the National Real Estate Development Center, a professional education company. He is a past member of the Federal Reserve Board's Consumer Advisory Council, a committee that by federal statute reviews all Fed actions on home mortgage, consumer credit and banking industry regulation.

He served as a member of the U.S. Department of Housing and Urban Development's Working Group on Computerized Loan Origination (CLO) systems, and is a member of the Editorial Board of the Fannie Mae Foundation's journal, Housing Policy Debate. He is the author of two books on mortgage finance and real estate.

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Tennessee Mechanics' Lien Law

by Don Smith⁹

In 1990, the Tennessee Legislature enacted major modifications to the existing Tennessee mechanics' lien law which distinguishes the Tennessee law from the mechanics' lien laws in many other jurisdictions. The purpose of this introduction is to highlight some of the provisions of the Tennessee law and some of the differences between it and the lien laws of other jurisdictions.

Even though there have been numerous miscellaneous changes made since 1990, the major modifications made in 1990 fall within two major categories, namely:

1. The provisions of the Tennessee lien law applicable to residential property are significantly different than those applicable to commercial property.
2. The adoption of the concept of "Notice of Nonpayment" which is applicable to commercial property only.

I.

The Tennessee legislature has eliminated all mechanics lien rights for residential real property for remote contractors. By statute, residential real property is defined as a building consisting of one dwelling unit in which the owner of the real property intends to reside, or resides as the owner's principal place of residence, including improvements to or on the parcel of property where the residential building is located. By statute, residential property also includes buildings consisting of two, three, or four dwelling units where the owner of the real property intends to reside or resides in one of the units as the owner's principal place of residence.

The residential real property lien exclusion applies only to remote contractors. It does not apply to any contractor contracting directly with the owner or who is in privity with the owner. Therefore, residential real property lien rights still exist when the owner contracts directly with the contractor. As a practical matter, many trade contractors who would normally be involved as a subcontractor will refuse to perform

any work unless such trade contractor contracts directly with the owner in order to preserve its lien rights.

The lien rights of a contractor contracting directly with the owner shall con-

tinue for one year after the date the improvement is complete or is abandoned and until the final decision of any lawsuit properly brought within that period of time for its enforcement. Any action to enforce the lien rights of a contractor contracting directly with the owner on a residential property project must be initiated within such one year period from date of completion of the improvement.

The time for the filing of a lien by one contracting directly with the owner may be accelerated by the filing of a Notice of Completion designating the date of completion by the owner or owner's representative in the office of the Register of Deeds in the county where the real property is located. This has the practical effect of decreasing the time in which a lien may be filed. The Notice of Completion must contain: 1) the legal name of the owner or owners of the real property; 2) the name of the prime contractor/contractors; 3) the location and description of the real property; and 4) the date of completion of the improvement. The Notice of Completion date designated therein shall not be less than ten days after



⁹Don L. Smith, born in 1931 and a native of Chattanooga, Tennessee, is a founding partner of Smith Cashion & Orr, PLC where he devotes his practice to construction law and litigation.

Mr. Smith devotes a considerable portion of his practice to alternative dispute resolution. Mr. Smith has been commissioned by the Supreme Court of Tennessee as a Rule 31 Mediator. He is also a Member of the Panel of Arbitrators and the National Panel of Construction Mediators for the American Arbitration Association.

Mr. Smith often provides lectures on construction law before various organizations, including: the Tennessee Bar Association, the Nashville Bar Association, the Associated General Contractors, the Associated Builders and Contractors, the Tennessee Society of Professional Engineers, the Tennessee Road Builders Association, and the Tennessee Ready Mix Concrete Association. Mr. Smith has also lectured on behalf of the Tennessee Department of Transportation concerning minority business enterprise issues. In addition, he has presented numerous construction related seminars for Lorman Education Services and the National Business Institute.

Mr. Smith has co-authored several construction law publications including Chapter 43 of Fifty-State Construction Lien and Bond Law published in 1992 by Wiley Law Publications and "A Practical Guide to Tennessee Construction Law." Mr. Smith has also drafted numerous Tennessee statutes relative to the construction industry.



Don L. Smith

Tennessee Mechanics' Lien Law

(cont.)

the date of the recording of the Notice of Completion. Thus, the lien claimant must file its lien within such 10-day period. In the case of commercial real property, the expiration date for lien claimants to file their Notice of Lien shall be at least thirty days after the date of the recording of the Notice of Completion in the Register's Office.

II.

Every remote contractor or supplier not in privity with the owner with the respect to any improvement other than residential property must serve a Notice of Nonpayment within ninety days of the last day of each month within which labor or materials was provided and for which the remote contractor or material supplier was unpaid and intends to claim a lien. The Notice of Nonpayment shall contain:

1) the name of the remote contractor and the address to which the owner and/or the prime contractor in contractual privity with the remote contractor may send communications to such remote contractor; 2) a general description of the work, labor and materials, etc. provided; 3) the amount owed as of date of the Notice; 4) a statement of the last date that the remote contractor or supplier performed work and/or provided labor, materials, services, etc., in connection with the improvement; and 5) a description sufficient to identify real property against which a lien may be claimed.

Any remote contractor or supplier who fails to provide the Notice of Nonpayment shall have no right to claim a lien under the mechanics' lien law except for any retainage which may be held by the owner or prime contractor. This provision is rather unique to Tennessee with its basic purpose being to notify the owner/prime contractor of any potential lien claims. Without this provision, an owner is likely to be unaware of potential lien claims prior to the filing of such lien claims. In most instances, notice to the owner/prime contractor of potential lien claims will force resolution of such claims without suit.

After compliance with the Notice of Nonpayment provisions, a Notice of Lien may be filed within ninety days after completion of the work or within ninety days after substantial completion of the project.

An action to enforce the lien must be brought within ninety days after completion of the project.

III.

The owner or the owner's representative may post a bond in the amount of the lien claim, by filing it with the Register of Deeds of the county in which the lien is recorded. Thereafter, the lien is discharged and any lien claim is enforceable against the bond only. When a prime contractor or remote contractor has provided a valid payment bond for the benefit of potential lien claimants, a copy of that bond may be recorded in lieu of the recording of a lien bond to discharge the lien asserted by the lien claimants. A copy of the bond shall be recorded in the office of the Register of Deeds in the county where the lien is filed, in which event the lien is discharged and all claims must be asserted against the payment bond just as if a lien bond was posted. The purpose of this is to eliminate duplicate bonds and costs.

IV.

The Tennessee lien law requires that whenever any contract for the improvement of real property provides that a certain amount or percentage of the contract price is retained (retainage), the retained amount shall be deposited in a separate interest bearing escrow account with a third party for the use and benefit of the contractor to whom such funds are owed. The funds held in escrow are subject only to the rights of the person withholding such retainage in the event of default by the contractor to whom such funds are owed. This provision of the lien law is applicable to all contracts or subcontracts for the improvement of real property when the contract price stated in the contract or subcontract is \$500,000.00 or greater. This provision of the law is mandatory and may not be waived by contract.

V.

In summary, most provisions of the Tennessee Mechanics' Lien Law are similar to most other jurisdictions. However, as stated above, some of the provisions are significantly different and are somewhat unique to Tennessee.

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An "ALL MEMBER" conference call is hosted each quarter at 2:00PM Eastern Time (1:00PM Central Time, noon Mountain Time, 11:00AM Pacific Time). The call is also open to any interested parties. To participate, please email Executive Director, Richard Nirk at rwnirk@narcl.org.

2010 Call Schedule:

An email will be sent to notify participants closer to the conference call date.

For more information on NACL contact:

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