IN THE COURT OF APPEALS OF THE STATE OF NEVADA

WHITE LANTERN, LLC,
Appellant,
vs.
PHH MORTGAGE CORPORATION,
Respondent.

No. 76299-COA

FILED

OCT 30 2019

ELIZABETH A. BROWN
CLERK OF SUPREME COURT
BY S. Young
DEPUTY CLERK

ORDER OF AFFIRMANCE

White Lantern, LLC, appeals from a judgment following a bench trial in a quiet title action. Eighth Judicial District Court, Clark County; Joanna Kishner, Judge.

The original owners of the subject property failed to make periodic payments to their homeowners' association (HOA). The HOA recorded a notice of lien for delinquent assessments and later a notice of default and election to sell to collect on the past due assessments and other fees pursuant to NRS Chapter 116. Appellant White Lantern, LLC (White Lantern), acquired the property from the purchaser at the resulting foreclosure sale and filed the underlying action seeking to quiet title against respondent PHH Mortgage Corporation (PHH), the beneficiary of the first deed of trust on the property. Following a bench trial, the district court found that the Federal National Mortgage Association (Fannie Mae) owned the loan secured by the deed of trust such that 12 U.S.C. § 4617(j)(3) (the Federal Foreclosure Bar) prevented the foreclosure sale from extinguishing the deed of trust. This appeal followed.

This court reviews a district court's legal conclusions following a bench trial de novo, but we will not disturb the district court's factual

findings "unless they are clearly erroneous or not supported by substantial evidence." *Wells Fargo Bank, N.A. v. Radecki*, 134 Nev. 619, 621, 426 P.3d 593, 596 (2018).

On appeal, White Lantern primarily contends that PHH failed to prove that Fannie Mae owned the loan secured by the deed of trust because it failed to produce any evidence that Fannie Mae physically possessed the note, which was endorsed in blank. However, as argued by PHH, possession of a note with a blank endorsement merely indicates that the note is payable to the bearer, and the right to enforce a negotiable instrument is distinct from actual ownership. *See* NRS 104.3205(2); *see also* NRS 104.3203; U.C.C. § 3-203 cmt. 1 (Am. Law Inst. & Unif. Law Comm'n 2004). And because White Lantern does not challenge the evidence PHH introduced at trial to prove that Fannie Mae owned the note, we do not disturb the district court's findings on this issue. *See Daisy Tr. v. Wells Fargo Bank, N.A.*, 135 Nev., Adv. Op. 30, 445 P.3d 846, 850-51 (2019) (concluding that similar evidence—without evidence to the contrary—was sufficient to establish Freddie Mac's ownership of a loan). Moreover, we reject White Lantern's argument that Fannie Mae was required to record its interest. *See id.* at 849 (holding that a deed of trust need not be assigned to a regulated entity in order for it to own the secured loan—meaning that Nevada's recording statutes are not implicated—where the deed of trust beneficiary is an agent of the regulated entity).

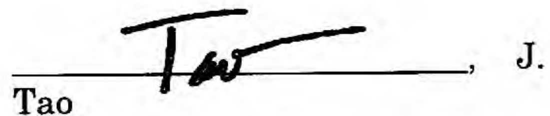
Consequently, White Lantern has failed to demonstrate that the district court erred in concluding that the Federal Foreclosure Bar prevented the foreclosure sale from extinguishing the deed of trust. *See Saticoy Bay LLC Series 9641 Christine View v. Fed. Nat'l Mortg. Ass'n*, 134 Nev. 270, 273-74, 417 P.3d 363, 367-68 (2018) (holding that the Federal

Foreclosure Bar preempts NRS 116.3116 such that it prevents extinguishment of the property interests of regulated entities under FHFA conservatorship without FHFA consent).

Based on the foregoing, we

ORDER the judgment of the district court AFFIRMED.

Gibbons, C.J.



Tao, J.

Bulla, J.

cc: Hon. Joanna Kishner, District Judge
Hong & Hong
Ballard Spahr LLP/Las Vegas
Fennemore Craig P.C./Reno
Arnold & Porter Kaye Scholer LLP/Washington DC
Eighth District Court Clerk