

REVENUE: No revenue impact

FISCAL: No fiscal impact

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<b>Action:</b>	Do Pass the A-Engrossed Measure
<b>Vote:</b>	5 - 0 - 0
<b>Yeas:</b>	Burdick, George, Girod, Rosenbaum, Bonamici
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Lori Brocker, Administrator
<b>Meeting Dates:</b>	2/16

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**WHAT THE MEASURE DOES:** Provides that interest in real property covered by trust deed is terminated and foreclosed as to person given notice of trustee's sale. Clarifies language relating to prohibition on action for deficiency on obligation secured by residential trust deed subject to sale or foreclosure. Specifies that provisions related to action for deficiency apply to actions brought on or after August 4, 2009. Declares an emergency; effective on passage.

**ISSUES DISCUSSED:**

- Provisions of measure
- House amendments

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** When a home buyer does not qualify for a single loan to cover the purchase price of a home, the buyer may, alternatively, qualify for an "80/20" loan, which is essentially two different loans secured by one property. Under current law, homeowners with multiple home loans are protected from being sued by a holder of a second mortgage after the property has been sold at foreclosure for deficiency on the first loan.

Recent court cases have permitted the junior creditor to sue for remaining deficiencies after the property has been sold at foreclosure. HB 3656A clarifies that in cases where a second loan was created as part of the same purchase or repurchase transaction as the one on which the foreclosure action was taken, and when it was owed to or originated by the beneficiary of the foreclosure or its affiliate, the holder of the second loan cannot sue for restitution. HB 3656A also clarifies language relating to a deficiency action.