

REVENUE: No revenue impact

FISCAL: No fiscal impact

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed
<b>Vote:</b>	8 - 0 - 0
<b>Yeas:</b>	Cameron, Clem, Conger, Matthews, Sheehan, Smith J., Holvey, Whisnant
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Jan Nordlund, Administrator
<b>Meeting Dates:</b>	4/5, 4/14

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**WHAT THE MEASURE DOES:** Prohibits a lender from bringing action or otherwise seeking payment for residual debt on a residential short sale if the lender has reported to the Internal Revenue Service that all or some of the residual debt has been canceled under a real estate agreement and the lender has given the borrower evidence of the report to the IRS. Declares an emergency, effective on passage.

**ISSUES DISCUSSED:**

- Attempt to close loophole
- Choice to write off loss and not seek repayments or use debt collection
- Protection to all income levels

**EFFECT OF COMMITTEE AMENDMENT:** Replaces the original measure.

**BACKGROUND:** A short sale occurs when a property is sold for less than the amount due on the loan. Residual debt is the amount still due after proceeds of the sale are applied to the amount due on the loan.