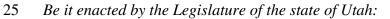
Senator Thomas V. Hatch proposes the following substitute bill:

1	REVOLVING CREDIT LINE TRUST DEED
2	2006 GENERAL SESSION
3	STATE OF UTAH
4	Chief Sponsor: Thomas V. Hatch
5	House Sponsor: David Clark
6 7	LONG TITLE
8	General Description:
9	This bill addresses the use of a revolving credit line trust deed.
10	Highlighted Provisions:
11	This bill:
12	defines "revolving credit line trust deed";
13	 requires that a revolving credit line trust deed contain specific language identifying
14	it as a revolving credit line trust deed;
15	 addresses a secured lender's reconveyance of a revolving credit line trust deed; and
16	makes technical changes.
17	Monies Appropriated in this Bill:
18	None
19	Other Special Clauses:
20	None
21	Utah Code Sections Affected:
22	AMENDS:
23	57-1-38, as last amended by Chapter 185, Laws of Utah 1995
24	





26

Section 1. Section **57-1-38** is amended to read:

27	57-1-38. Release of security interest.
28	(1) As used in this section:
29	(a) "Revolving credit line" means an agreement between the borrower and a secured
30	lender who agrees to loan the borrower money on a continuing basis so long as the outstanding
31	principal amount owed by the borrower does not exceed a specified amount.
32	[(a)] <u>(b)</u> "Secured lender" means:
33	(i) a mortgagee on a mortgage;
34	(ii) a beneficiary on a trust deed;
35	(iii) a person that holds or retains legal title to real property as security for financing the
36	purchase of the real property under a real estate sales contract; and
37	(iv) any other person that holds or retains a security interest in real property to secure
38	the repayment of a secured loan.
39	[(b)] (c) (i) "Secured loan" means a loan or extension of credit, the repayment of which
40	is secured by a mortgage, a trust deed, the holding or retention of legal title under a real estate
41	sales contract, or other security interest in real property, whether or not the security interest is
12	perfected.
43	(ii) A judgment award secured by a judgment lien is not of itself a secured loan. A
14	subsequent written agreement between a judgment creditor and a judgment debtor concerning
45	payment of the judgment is a secured loan if it otherwise qualifies under the definition in
46	Subsection $(1)[\frac{b}{(c)}](c)$
1 7	[(c)] (d) "Security interest" means an interest in real property that secures payment or
48	performance of an obligation. Security interest includes a lien or encumbrance.
19	[(d)] (e) "Servicer" means a person that services and receives loan payments on behalf
50	of a secured lender with respect to a secured loan.
51	(2) This section may not be interpreted to validate, invalidate, alter, or otherwise affect
52	the foreclosure of a mortgage, the exercise of a trustee's power of sale, the exercise of a seller's
53	right of reentry under a real estate sales contract, or the exercise of any other power or remedy
54	of a secured lender to enforce the repayment of a secured loan.
55	(3) A secured lender or servicer who fails to release the security interest on a secured
56	loan within 90 days after receipt of the final payment of the loan is liable to another secured

57	lender on the real property or the owner or titleholder of the real property for:
58	(a) the greater of \$1,000 or treble actual damages incurred because of the failure to
59	release the security interest, including all expenses incurred in completing a quiet title action;
60	and
61	(b) reasonable attorneys' fees and court costs.
62	(4) A secured lender or servicer is not liable under Subsection (3) if the secured lender
63	or servicer:
64	(a) has established a reasonable procedure to release the security interest on a secured
65	loan in a timely manner after the final payment on the loan;
66	(b) has complied with this procedure in good faith; and
67	(c) is unable to release the security interest within 90 days after receipt of the final
68	payment because of the action or inaction of an agency or other person beyond its direct
69	control.
70	(5) A secured lender under a revolving credit line shall close the revolving credit line
71	and release the security interest if the secured lender receives:
72	(a) payment in full from a third party involved in a sale or loan transaction affecting the
73	security interest; and
74	(b) (i) a request from a third party for full payoff of the credit line; or
75	(ii) a written request to close the credit line.