

**LIMITATION ON ACTION TO RECOVER DEFICIENCY
FOLLOWING SHORT SALE**

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne L. Niederhauser

House Sponsor: Daniel McCay

LONG TITLE

General Description:

This bill enacts a provision establishing a time limit for an action to recover a deficiency following a specified sale of residential real property.

Highlighted Provisions:

This bill:

► bars an action to recover a deficiency following a short sale of residential property unless the action is commenced no later than 90 days after the short sale.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

78B-2-313, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **78B-2-313** is enacted to read:

78B-2-313. Action to recover deficiency after short sale.

(1) As used in this section:



28 (a) "Deficiency" means the amount remaining owing to a secured lender under a loan
29 to the owner of secured property after the secured lender is paid proceeds from a short sale of
30 the secured property.

31 (b) "Secured lender" means a lender whose loan to the owner of residential real
32 property is secured by a mortgage or trust deed on that property.

33 (c) "Secured property" means residential real property that is the subject of a mortgage
34 or trust deed to secure a loan to the owner of the property.

35 (d) "Short sale" means a sale:

36 (i) of secured property;

37 (ii) by the owner of the secured property;

38 (iii) for a price that results in a deficiency; and

39 (iv) made with the secured lender's consent and resulting in the secured lender

40 releasing the mortgage or trust deed on the secured property.

41 (2) An action to recover a deficiency is barred unless it is commenced no more than 90

42 days after the date of the closing of the short sale.

Legislative Review Note
as of 1-23-12 5:23 PM

Office of Legislative Research and General Counsel