

NEW CALIFORNIA SENATE BILL 458



Forgives All Debt After a SHORT SALE



On July 18, 2011, Gov. Jerry Brown signed into law Senate Bill 458, authored by Senate Majority Leader Ellen Corbett (D-San Leandro). This new California law will further protect homeowners pursuing short sales by barring first and second lien holders from going after sellers for money owed after the short sale closes.

A short sale is a transaction in which the homeowner owes more on the loan than what the property is worth. Because the amount owed to the lien holder(s) will be “short” of what is currently owed by the borrower, the lien holder(s) must first approve the sale of property.

SB 458 builds on the protections offered by a previous law, SB 931, which required the first lien holder in a short sale to accept an agreed-upon payment as the full payment for the outstanding loan balance.

The previous law did not address junior lien holders. SB 458 brings certainty to the short sale process, ensuring that once a lender has agreed to accept a short sale payment on a property, all lien holders – those in first position and junior positions – must consider the outstanding balance as paid in full. The homeowner will no longer be held responsible for any additional payments on the property.

For further information, go to the link shown below or contact your Tigor Title representative.
http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0451-0500/sb_458_bill_20110715_chaptered.html

