



SB 458 ~ Deficiency Judgements

An act to amend Section 580e of the Code of Civil Procedure, relating to mortgages. SB 458 prohibits deficiencies on California Short Sales.

California Governor Jerry Brown signed SB 458 into law on July 15, 2011. SB 458 extends the protections of SB 931 (2010), to ensure that any lender that agrees to a short sale must accept the agreed upon short sale payment as payment in full of the outstanding balance of all loans.

Under previous law (SB 931 of 2010), a first mortgage holder could accept an agreed-upon short sale payment as full payment for the outstanding balance of the loan, but unfortunately, the rule did not apply to junior lien holders. SB 458 extends the protections of SB 931 to junior liens.

Summary of SB 458:

- No deficiency judgements will be rendered for short sales agreed upon by the lender
- Applies to one to four-unit dwellings in California
- SB 458 does not apply to foreclosures
- Prohibits lenders from demanding a seller contribution as a condition of short sale approval
- If the trustor or mortgagor commits fraud with respect to the short sale, the lender can seek damages and use existing rights against the trustor or mortgagor
- SB 458 does not apply if the trustor or mortgagor is a corporation, LLC, LP, or political subdivision of the state.

The foregoing is provided for general information only. For specific questions on financial, tax or estate planning, we suggest you contact an Attorney or Certified public Accountant.

Sources: www.car.org / www.about.com · Information deemed reliable, accuracy is not guaranteed.



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