

***Judiciary***

***HB 1158***

***Title:*** *An act relating to reconveyance of deeds of trust.*

***Brief Description:*** *Regulating reconveyance of deeds of trust.*

***Sponsors:*** *Representatives Lantz, Carrell and Benson.*

***Brief Summary of Bill***

- *Amends the Deed of Trust Act to allow persons other than the beneficiary of a deed of trust to request a reconveyance of the deed and to appoint a successor trustee and establishes time requirements for reconveyance of the deed.*

***Hearing Date:*** *1/26/01*

***Staff:*** *Edie Adams (786-7180).*

***Background:***

*A deed of trust is a type of security interest in real property. Basically, a deed of trust is a three-party mortgage. The borrower (grantor) grants a deed creating a lien on the real property to a third party (the trustee) who holds the deed in trust as security for an obligation due to the lender (the beneficiary).*

*The major benefit of a deed of trust as opposed to a mortgage is that the deed of trust may be non-judicially foreclosed whereas a mortgage may only be foreclosed judicially. If the grantor defaults on the loan obligation, the trustee may foreclose on the real property as long as certain procedural and notice requirements are met.*

*The trustee of a deed of trust may be a domestic corporation that has at least one officer who is a Washington resident; a title insurance company; an attorney; a professional*

*corporation, professional limited liability company, or a partnership, whose shareholders, members or partners, respectively, are licensed attorneys; an agency of the United States government; or a bank or savings and loan association.*

*A trustee may resign or be replaced by the beneficiary. The beneficiary must appoint a successor trustee if the trustee resigns or is absent, or if the beneficiary decides to replace the trustee. The successor trustee has all powers of the original trustee once the appointment of the successor trustee is recorded in each county where the deed of trust is recorded.*

*A trustee must reconvey the property to the person entitled thereto at the request of the beneficiary, or upon satisfaction of the obligation and upon written request of the beneficiary or the person entitled thereto.*

***Summary of Bill:***

*Provisions of the deed of trust act relating to reconveyance of a deed of trust and appointment of a successor trustee are amended.*

*A beneficiary must forward a request for reconveyance of a deed of trust within 30 days after complete payment of the obligation secured by the deed of trust. If the beneficiary fails to request a reconveyance within 30 days, a person entitled– may make the request for reconveyance. A person entitled– means: the borrower or grantor of the deed of trust; the present vested owner of the property that is the subject of the deed of trust; or an escrow company, title insurance company, or agent of a title insurance company if the company or agent paid the obligation in full based on a written statement or demand from the beneficiary as to the amount owed.*

*A beneficiary who fails to make a request for reconveyance within 30 days of satisfaction of the obligation loses the right to make a request for reconveyance and is liable to the trustee for all reasonable fees and costs of the reconveyance.*

*A person entitled may appoint a successor trustee if the obligation has been fully paid based on a written statement or demand from the beneficiary and if the beneficiary has not requested a reconveyance within 30 days of payment of the obligation.*

*The trustee must reconvey the property to the grantor, or the present owner of the property, within 30 days of receiving a request for reconveyance from either the beneficiary or the person entitled.*

***Effective Date:*** *Ninety days after adjournment of session in which bill is passed.*

***Appropriation:*** *None.*

***Fiscal Note: Not Requested.***