
SUBSTITUTE SENATE BILL 6337

State of Washington

62nd Legislature

2012 Regular Session

By Senate Financial Institutions, Housing & Insurance (originally sponsored by Senators Frockt, Fain, Haugen, and Litzow)

READ FIRST TIME 02/01/12.

1 AN ACT Relating to protecting short sale sellers from payment of
2 forgiven home loan debt if such debt forgiveness is reported to the
3 internal revenue service; and adding a new section to chapter 61.24
4 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 61.24 RCW
7 to read as follows:

8 If any beneficiary of debt secured by owner-occupied residential
9 real property approves a purchase agreement for the sale of that owner-
10 occupied residential real property for which the sale proceeds are
11 insufficient to pay in full the obligation owed to the beneficiary, and
12 the beneficiary subsequently reports to the internal revenue service,
13 by filing a Form 1099 or otherwise, that as a consequence of the sale
14 the beneficiary has canceled all or a portion of the obligation owed by
15 the seller to the beneficiary, the beneficiary or assignee of the
16 beneficiary may not bring an action or otherwise seek payment for the
17 amount previously owed by the seller that was reported to the internal
18 revenue service. For the purposes of this section, a beneficiary must
19 evidence approval of a purchase agreement by releasing its security

1 interest in the property allowing the sale to close. However, a
2 beneficiary's release of its security interest allowing the sale to
3 close does not determine whether the beneficiary has retained the right
4 to seek payment for the entire obligation owed to the beneficiary.

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