

SENATE BILL REPORT

SB 5181

As Passed Senate, March 13, 1997

Title: An act relating to a debtor's liability for a deficiency after default under a security agreement.

Brief Description: Making certain debtors liable for any deficiency after default.

Sponsors: Senators Roach, Fairley, Prentice, Benton and Winsley.

Brief History:

Committee Activity: Law & Justice: 2/4/97, 2/10/97 [DP].
Passed Senate, 3/13/97, 43-4.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass.

Signed by Senators Roach, Chair; Johnson, Vice Chair; Fairley, Goings, Hargrove, Haugen, Long, McCaslin, Stevens and Zarelli.

Staff: Mal Murphy (786-7412)

Background: Currently, a creditor holding a purchase money security interest in consumer goods— taken or retained by the seller of such goods is not able to collect any deficiency from the debtor after default and repossession if the collateral is sold or disposed of for less than the full amount of the outstanding debt.

Summary of Bill: The restriction against collecting deficiencies is removed, so that debtors are liable for the full amount of any outstanding debt when collateral secured by a purchase money security interest in consumer goods— is sold by the creditor after default for less than the full amount of any outstanding debt.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill will simply allow lenders to collect the full amount of any loan after default, if possible. Washington is the only state with the current restriction.

Testimony Against: None.

Testified: Gary Gardner, Clark County School Employees' Credit Union, Boeing Credit Union, First Technology and Washington Employees' Credit Union (pro).