

**ESHB 2614** - S COMM AMD

By Committee on Financial Institutions, Housing & Insurance

**NOT ADOPTED 02/29/2012**

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 64.04 RCW  
4 to read as follows:

5 (1) If the beneficiary or mortgagee, and its assignees, of debt  
6 secured by owner-occupied real property releases its deed of trust or  
7 mortgage in the real property for less than full payment of the secured  
8 debt and if the beneficiary or mortgagee, and its assignees, reserves  
9 the right to pursue collection of the remaining debt, the beneficiary  
10 or mortgagee, and its assignees, shall provide written notice to the  
11 debtor the first time that the beneficiary or mortgagee, and its  
12 assignees, provides notice to the debtor that the beneficiary or  
13 mortgagee, and its assignees, intends to release its security in the  
14 real property for less than full payment. The written notice to the  
15 debtor must be substantially in the following form:

16 "To: [Name of debtor] DATE:

17 Please take note that [name of beneficiary or mortgagee, and its  
18 assignees], in releasing its security interest in this owner-occupied  
19 real property, reserves the right to collect that amount that  
20 constitutes less than full payment of the secured debt. The amount of  
21 debt outstanding as of the date of this letter is \$. . . . .  
22 However, nothing in this letter precludes the debtor from negotiating  
23 with the [name of beneficiary or mortgagee, and its assignees] for a  
24 full release of this outstanding debt.

25 If [name of beneficiary or mortgagee, and its assignees] does not  
26 initiate a court action to collect the outstanding debt within three  
27 years on the date which it released its security interest, the right to  
28 collect the outstanding debt is forfeited."

1 (2)(a) If the beneficiary or mortgagee, and its assignees, of debt  
2 secured by owner-occupied real property reserves the right to pursue  
3 collection of the outstanding debt, in accordance with subsection (1)  
4 of this section, it must initiate a court action to collect the  
5 remaining debt within three years from the date on which it released  
6 its deed of trust or mortgage in the owner-occupied real property or  
7 else it forfeits any right to collect the remaining debt.

8 (b) If the beneficiary or mortgagee, and its assignees, of debt  
9 secured by owner-occupied real property fails to provide the notice in  
10 accordance with subsection (1) of this section, the beneficiary or  
11 mortgagee, and its assignees, of debt secured by owner-occupied real  
12 property must initiate a court action to collect the remaining debt  
13 within three years of the date on which it released its security  
14 interest in the real property for less than full payment or else it  
15 forfeits any right to collect the remaining debt.

16 (3) This section applies only to debts incurred by individuals  
17 primarily for personal, family, or household purposes. This section  
18 does not apply to debts for business, commercial, or agricultural  
19 purposes.

20 (4) For the purposes of this section, "owner-occupied real  
21 property" means real property consisting solely of a single-family  
22 residence, a residential condominium unit, or a residential cooperative  
23 unit that is the principle residence of the debtor."

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24 On page 1, line 2 of the title, after "property" strike the  
25 remainder of the title and insert "; and adding a new section to  
26 chapter 64.04 RCW."

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