HB 2584

Introduced by
Representatives Dial, Campbell, Carter, Gallego, Judd, Seel, Urie,
Senators Aboud, Allen, Griffin, Klein, Reagan: Representatives Brophy
McGee, Hobbs, Meyer, Robson, Ugenti, Senators Antenori, Jackson, McComish,
Shooter

AN ACT

AMENDING TITLE 33, CHAPTER 6, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 33-729.01; AMENDING TITLE 33, CHAPTER 6.1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 33-814.01; RELATING TO REAL PROPERTY.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 33, chapter 6, article 2, Arizona Revised Statutes, is amended by adding section 33-729.01, to read:

33-729.01. Liability for deficiency on short sale under mortgage; applicability

A. If a mortgage is given to secure the payment of the balance of the purchase price, or to secure a loan to pay all or part of the purchase price, of a parcel of real property of two and one-half acres or less that is limited to and utilized for either a single one-family or single two-family dwelling, no action may be maintained to recover any difference between the amount obtained by sale and the amount of the indebtedness and any interest, costs and expenses, and the debt may not otherwise be satisfied out of other property of the debtor, if all of the following apply:

1. The property is sold in a transaction in which the mortgage holder agrees to the sale of the secured property for an amount that does not satisfy the full indebtedness of the mortgagor.
2. The transaction is not pursuant to a foreclosure action.

B. This section applies to mortgagees on a first mortgage who have agreed to the sale and any junior lien holders who have agreed to the sale, and their successors and assigns.

Sec. 2. Title 33, chapter 6.1, article 1, Arizona Revised Statutes, is amended by adding section 33-814.01, to read:

33-814.01. Liability for deficiency on short sale under deed of trust; applicability

A. If trust property of two and one-half acres or less that is limited to and utilized for either a single one-family or a single two-family dwelling is sold, no action may be maintained to recover any difference between the amount obtained by sale and the amount of the indebtedness and any interest, costs and expenses if all of the following apply:

1. The property is sold in a transaction in which the beneficiary agrees to the sale of the secured property for an amount that does not satisfy the full indebtedness of the trustor under the deed of trust.
2. The transaction is not a trustee's sale.

B. This section applies to beneficiaries of first deeds of trust who have agreed to the sale and any junior lien holders who have agreed to the sale, and their successors and assigns.

Sec. 3. Applicability

Sections 33-729.01 and 33-814.01, Arizona Revised Statutes, as added by this act, apply to contracts for sale executed after the effective date of this act.