



Are you Aware that Senate Bill 931 is Now in Force?

Effective January 1, 2011, the California Legislature enacted Senate Bill 931 Anti-Deficiency Law generally prohibiting a deficiency judgment after a short sale for first trust deed lenders of one-to-four residential units.

■ What is the General Rule?

Unless otherwise exempt, no judgment shall be rendered for a deficiency for a first trust deed lender of one-to-four residential units if the borrower sells for less than the amount owed with the lender's written consent. A lender's written consent shall obligate the lender to accept the sale proceeds as full payment and to fully discharge the remaining debt on the first trust deed.

■ Are there Exceptions to the Law?

- Junior liens
- Lender seeking damages for fraud or waste;
- Borrower is a corporation; or
- Borrower is a political subdivision of the state.

■ Where is this Information Disclosed?

The law is disclosed to buyers and sellers in the C.A.R.'s Short Sale Information and Advisory (Form SSIA) paragraph 4A2. For the full text of SB 931, please go to <http://www.car.org/legal/2011-new-laws/>.

■ What types of existing loans are the homeowner protected against deficiency after a short sale?*

- | | |
|---------------------------|--------------------------|
| - First Trust Deed | - Cash-Out Refinance |
| - Purchase Money Loan | - Owner-Occupied Home |
| - Rate-and-Term Refinance | - Nonowner-Occupied Home |

*Second Trust Deeds would not be protected. Certain exceptions may apply.

Check out www. foreclosurealternative.com for more information on this topic.

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