

1 HB501
2 150756-1
3 By Representative Ball
4 RFD: Financial Services
5 First Read: 02-APR-13

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8 SYNOPSIS: Currently, a lender who forecloses on a
9 mortgage may seek to recover any difference between
10 the amount obtained by sale of the property and the
11 amount of the indebtedness and any interest, costs,
12 and expenses against the debtor if the proceeds of
13 the mortgaged real property sold after foreclosure
14 are insufficient to satisfy the amount of the
15 indebtedness and any interest, costs, and expenses
16 resulting from the foreclosure.

17 This bill would provide that a lender may
18 not seek to recover any difference between the
19 amount obtained by the sale and the amount of the
20 indebtedness and any interest, costs, and expenses
21 on mortgaged real property if the property consists
22 of two and one-half acres or less and is limited
23 to, and utilized for, either a single one-family or
24 a single two-family dwelling.

25 This bill would be applicable only to
26 mortgages executed after December 31, 2013.
27

1 A BILL
2 TO BE ENTITLED
3 AN ACT
4

5 Relating to mortgages; to provide that a lender may
6 not seek to recover any difference between the amount obtained
7 by sale of the foreclosed property and the amount of the
8 indebtedness and any interest, costs, and expenses related to
9 the foreclosure of mortgaged real property if the property
10 consists of two and one-half acres or less and is limited to,
11 and utilized for, either a single one-family or a single
12 two-family dwelling; and to provide that the provisions of
13 this bill would be applicable only to mortgages executed after
14 December 31, 2013.

15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

16 Section 1. (a) Notwithstanding any provision of law,
17 a lender may not maintain an action to recover any difference
18 between the amount obtained by the sale of the foreclosed
19 property and the amount of the indebtedness and any interest,
20 costs, and expenses relating to the foreclosure of mortgaged
21 real property if the property consists of two and one-half
22 acres or less and is limited to, and utilized for, either a
23 single one-family or a single two-family dwelling.

24 (b) This section shall apply only to mortgages
25 executed after December 31, 2013.

1 Section 2. This act shall become effective on the
2 first day of the third month following its passage and
3 approval by the Governor, or its otherwise becoming law.