SENATE BILL NO. 424–COMMITTEE ON JUDICIARY

MARCH 25, 2013

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Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to foreclosures. (BDR 3-1113)

FISCAL NOTE: Effect on Local Government: No.
               Effect on the State: No.

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AN ACT relating to real property; revising provisions governing the sale of real property by certain banking and financial institutions after a foreclosure sale or trustee's sale; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 This bill provides that if a banking or other financial institution forecloses on
2 real property, purchases that real property at the foreclosure sale or trustee's sale
3 and intends to sell the real property for an amount less than the amount of the
4 indebtedness, the banking or other financial institution must afford the debtor a
5 right of first refusal if: (1) the real property is a single-family dwelling and the
6 debtor was the owner of the real property; (2) the debtor used the loan to purchase
7 the real property; and (3) the debtor occupied the real property continuously after
8 obtaining the loan. Under this bill, the right of first refusal must be conditioned on
9 the same terms that the judgment creditor or beneficiary of the deed of trust intends
10 to accept in a subsequent sale of the real property.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 40 of NRS is hereby amended by adding
2 thereto a new section to read as follows:
3 *1. If the judgment creditor or the beneficiary of the deed of*
4 *trust is a banking or other financial institution, purchases the real*
5 *property at a foreclosure sale and intends to sell the real property*
6 *for an amount less than the amount of the indebtedness, the*
7 *judgment creditor or beneficiary of the deed of trust must afford*

1 *the right of first refusal to the debtor or grantor of the deed of*
2 *trust if:*
3 *(a) The real property is a single-family dwelling and the debtor*
4 *or the grantor was the owner of the real property at the time of the*
5 *foreclosure sale;*
6 *(b) The debtor or grantor used the amount for which the real*
7 *property was secured by the mortgage or deed of trust to purchase*
8 *the real property; and*
9 *(c) The debtor or grantor continuously occupied the real*
10 *property as the debtor's or grantor's principal residence after*
11 *securing the mortgage or deed of trust.*
12 *2. Any right of first refusal pursuant to subsection 1 must be*
13 *conditioned upon the same terms the judgment creditor or the*
14 *beneficiary of the deed of trust intends to accept in a subsequent*
15 *sale of the real property.*
16 *3. As used in this section:*
17 *(a) "Banking or other financial institution" has the meaning*
18 *ascribed to it in NRS 40.458.*
19 *(b) "Foreclosure sale" has the meaning ascribed to it in*
20 *NRS 40.462.*
21 **Sec. 2.** NRS 40.451 is hereby amended to read as follows:
22 40.451 As used in NRS 40.451 to 40.463, inclusive, ***and***
23 ***section 1 of this act,*** "indebtedness" means the principal balance of
24 the obligation secured by a mortgage or other lien on real property,
25 together with all interest accrued and unpaid prior to the time of
26 foreclosure sale, all costs and fees of such a sale, all advances made
27 with respect to the property by the beneficiary, and all other
28 amounts secured by the mortgage or other lien on the real property
29 in favor of the person seeking the deficiency judgment. Such
30 amount constituting a lien is limited to the amount of the
31 consideration paid by the lienholder.
32 **Sec. 3.** This act becomes effective on July 1, 2013.

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