

**REVENUE:** No revenue impact

**FISCAL:** No fiscal impact

---

<b>Action:</b>	Do Pass with Amendments to the B-Eng. Measure, Including Amendments to Resolve Conflicts (Printed C-Eng.)
<b>Vote:</b>	4 - 1 - 0
<b>Yeas:</b>	Burdick, Ferrioli, Metsger, Devlin
<b>Nays:</b>	Atkinson
<b>Exc.:</b>	-
<b>Prepared By:</b>	Erin Seiler, Administrator
<b>Meeting Dates:</b>	6/9, 6/15, 6/16

---

**WHAT THE MEASURE DOES:** Provides that foreclosure and sale by trustee of residential property prohibits further action for a deficiency against mortgagor, grantor, or other specified obligor on any additional trust deed for the property. Provides exceptions including circumstances when one of the trust deeds is sold to a third party. Expands debt protection to include action against homeowner for debt owed to beneficiary in the residential trust deed that was subject to foreclosure that was incurred to secure the residential trust deed, and other debt incurred to finance a portion of the purchase price of the foreclosed property. Clarifies circumstances in which judgment remedies for collection expire when property is sold at foreclosure. Requires trustee to provide amended notice of sale upon registered or certified request by any member of the Oregon Bar Association. Declares emergency; effective on passage.

**ISSUES DISCUSSED:**

- Applies to original financing of purchase price of home
- Effects of home foreclosure on communities in Oregon
- Legal precedence allowing creditors to sue for remaining deficiency after foreclosure
- Frequency of “80/20” financing structures

**EFFECT OF COMMITTEE AMENDMENT:** Clarifies that the measure does not apply in circumstances in which one of the trust deeds is sold to a third party. Clarifies circumstances in which judgment remedies for collection expire when a property is sold at foreclosure. Resolves conflicts with Senate Bill 952-B by clarifying a landlord’s timeline for eviction proceedings following a foreclosure.

**BACKGROUND:** When a homebuyer does not qualify for a single loan to cover the purchase price of a home, there is an alternative way to structure financing called an “80/20” loan, where the purchase price is secured by two trust deeds. Recent court cases have permitted junior creditors to sue for remaining deficiencies after the property has been sold at foreclosure.

House Bill 3004-C is intended to preclude suits against homeowners for deficiencies remaining on additional notes secured by the property after the property has been foreclosed.