

REVENUE: No revenue impact

FISCAL: May have fiscal impact, statement not yet issued

Action:	Do Pass with Amendments to the A-Eng. Measure and Be Printed B-Eng. and Be Referred to Committee on Ways and Means
Vote:	4 - 0 - 1
Yeas:	Atkinson, Burdick, Metsger, Devlin
Nays:	-
Exc.:	Ferrioli
Prepared By:	Erin Seiler, Administrator
Meeting Dates:	6/3, 6/9

WHAT THE MEASURE DOES: Revises notice required to be delivered to grantor upon notice of default on residential trust deed. Specifies that notice include information pertaining to loan modification procedures. Requires delivery of mortgage modification request form to grantor. Specifies contents of modification request form. Requires beneficiary to evaluate information timely provided by grantor, process modification request form in good faith, and respond to grantor within 30 days of receipt. Prohibits foreclosure sale until after response to grantor's modification request. Outlines procedures if grantor timely requests meeting with beneficiary. Requires that beneficiary or beneficiary's agent meeting with grantor have authority to modify loan. Requires affidavit describing compliance with procedures. Requires trustee to record affidavit and send copy to Department of Consumer and Business Services before conducting property sale. Repeals requirement to send affidavit copy to department one year after effective date of Act. Exempts mortgages that beneficiary, in good faith, determines ineligible for loan modification. Establishes that measure does not apply to property secured by trust deed that government agency holds for loan funded through government program. Requires Department of Justice to use proceeds from settlement with Countrywide Financial Corporation to make grants to non-profit entities providing foreclosure relief services, unless sufficient funding otherwise available. Sunsets provisions related to loan modification on January 2, 2012, unless repealed earlier. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Loan modifications and foreclosure procedures
- Impact of foreclosures on real estate values in communities
- Effect of foreclosures on state and local taxes
- Difficulties for consumers
- Rate of foreclosures in Oregon

EFFECT OF COMMITTEE AMENDMENT: Replaces the measure.

BACKGROUND: Foreclosure on residential real estate is a significant problem throughout the country and a growing issue in Oregon. The federal government under President Obama has instituted the Home Affordable Modification Program (HAMP) to assist homeowners seeking to modify loans. The HAMP does not, however, include a formal process for mediation in foreclosure. Senate Bill 628B provides the structure for a statewide foreclosure modification program, further enabling mortgage lenders and homeowners to work toward reducing the numbers of foreclosures in Oregon.