

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 628 **STATUS:** C Engrossed
SUBJECT: Residential property foreclosures
GOVERNMENT UNIT AFFECTED: Department of Justice, Housing and Community Services, and Department of Consumer and Business Services
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REVIEWED BY: Doug Wilson, Michelle Deister, and Susie Jordan
DATE: June 18, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
Special Payments – Department of Justice (Other Funds)	\$ 501,985	\$

EFFECTIVE DATE: On passage

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: The measure makes changes to the contents of the notice of default form that a lender must deliver to a grantor before the sale of a foreclosed residential trust deed. The lender must deliver the notice of default form as well as a form to request a loan modification. If the loan modification request form is received by the lender by the date specified on the form, the lender must process the request in good faith but is not obligated to modify the loan.

The measure directs the Department of Justice to use proceeds from the State of Oregon's settlement with Countrywide Financial Corporation to make grants to nonprofit entities to provide foreclosure relief services. The Department of Justice is to work in consultation with the Housing and Community Services Department. The measure allows for the Department of Justice to use a different fund source for the grants if another source is available.

The Department of Justice (DOJ) deposited \$501,985 in the Consumer Protection and Education Revolving Account in March 2009 from the settlement with Countrywide Financial Corporation. DOJ anticipates the full amount, plus interest earned, to be distributed for grants to nonprofit entities for foreclosure relief services. The costs associated with administration of the grants will be absorbed within existing resources and is not a part of the settlement money. The Department will require additional expenditure limitation to distribute the grants.

The Department of Consumer and Business Services states the measure will require rule-making relating to the form changes and that the workload can be absorbed within existing resources.

The Housing and Community Services Department states the measure has no fiscal impact, although staff time will be required for consultation with the Department of Justice for distribution of the grants.