

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass the A-Engrossed Measure
Vote:	3 - 2 - 0
Yeas:	Beyer, Burdick, Rosenbaum
Nays:	Atkinson, Ferrioli
Exc.:	0
Prepared By:	Erin Seiler, Administrator
Meeting Dates:	5/19

WHAT THE MEASURE DOES: Permits grantor to record affidavit stating that grantor requested loan modification in accordance with law and by applicable deadlines. Stipulates that failure to include required notification form with notice of sale, failure to comply with provisions governing loan modifications and failure to record required affidavit of compliance with loan modification requirements are unlawful practices subject to enforcement under unlawful trade practices law. Specifies that trustees must send copies of required affidavit to Department of Justice. Eliminates specified exceptions from compliance requirements for mortgage loan modifications. Requires trustees to be residents of Oregon or have registered agents that meet specified qualifications. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Legislation related to foreclosure and loan modification passed in 2009 and 2010
- Current loan modification process
- Consumer difficulties with loan modification process
- Federal loan modification programs
- Compliance and oversight with current laws
- Consumer complaints to Department of Justice
- Impact of foreclosure on homeowner and communities
- Number of foreclosures in Oregon
- Cost of foreclosure process
- Residency requirement of trustees
- “Dual-track” time line of loan modification and foreclosure processes

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Foreclosure is the legal process by which a lender on a mortgage loan can initiate the sale of a property when the borrower defaults on the loan by failing to make the required payments. The number of foreclosures has increased dramatically nationwide during the past several years, due primarily to declining home values, increased interest rates and high unemployment.

Recent legislation in Oregon has sought to help homeowners avoid the foreclosure process by requiring lenders to provide written notice of the borrower’s rights and options at least 120 days before a trustee sale (House Bill 3630 (2008)); requiring beneficiaries to give homeowners facing foreclosure the ability to request a loan modification meeting and review and prohibiting foreclosure on property if beneficiary has not responded to homeowner within 45 days (Senate Bill 628(2009)). Federal legislation has also sought to help homeowners modify their loans to allow them to make payments and remain in their homes.

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This summary has not been adopted or officially endorsed by action of the committee.