

May 7th, 2013

The honorable Paul Holvey  
Chair, House Committee on Consumer Protection and Government Efficiency  
900 Court St. NE, H-275  
Salem, OR 97301

RE: SB 558 Foreclosure Mediation Bill

Dear Members of the Committee:

I am writing to register my support for SB 558, the Foreclosure Mediation Bill. Making the necessary technical improvements to the existing Oregon foreclosure mediation law ensures that homeowners have access to a resolution conference with the lender prior to either judicial or non-judicial foreclosure proceedings.

I support closing loopholes in the existing foreclosure mediation law. 2012's SB 1552 required mediation only in non-judicial foreclosure proceedings. Since passage, lenders have chosen to foreclose nearly all trust deeds judicially, avoiding mediation altogether. SB 558 gives borrowers the right to a pre-foreclosure meeting with their lender regardless of which process the lender selects.

The existing law also requires mediation after the foreclosure process started, not as a pre-requisite to initiating foreclosure. Pre-foreclosure resolution conferences save lenders and homeowners from the cost and credit damage that result from commencing avoidable foreclosures and reduce the burden on the courts. For unavoidable foreclosures, the change in timing eliminates delays once the foreclosure process begins.

Under current law, only those lenders initiating 250 or more Oregon foreclosures in a calendar year are required to offer mediation. This exemption allows some of the largest lenders and servicers to avoid the responsibility to meet with a borrower to explore alternatives to foreclosure and will push more cases into the courts. SB 558 extends the requirements to lenders doing 100 or more foreclosures in Oregon per calendar year.

Thank you for supporting Oregon Homeowners.

Sincerely,