

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass and Be Placed on the Consent Calendar
Vote:	9 - 0 - 0
Yeas:	Doherty, Johnson, Keny-Guyer, Lively, Richardson, Smith, Thatcher, Vega Pederson, Holvey
Nays:	0
Exc.:	0
Prepared By:	Bob Estabrook, Administrator
Meeting Dates:	2/21, 3/5

WHAT THE MEASURE DOES: Eliminates \$100,000 cap on value of residential, borrower-occupied real estate loan agreement subject to certain existing requirements regarding lender's security protection provision. Makes technical language changes.

ISSUES DISCUSSED:

- Origin of \$100,000 cap
- Cap versus floor on value of loan agreement
- Cost of distributing interest on small escrow accounts
- Current practice in other states

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Oregon law allows lenders to ensure timely payment of property taxes, insurance premiums and other charges that protect their security interest through a lender security protection provision, which may take the form of an escrow account, direct reduction provision, capitalization provision or pledge of savings account. Current law provides certain restrictions on lender security protection provisions, such as requirements that interest be paid on amounts deposited to an escrow account, that surcharges are prohibited on interest-bearing accounts, and that the charges to be paid with moneys from the account are paid timely, but only on real estate loan agreements of \$100,000 or less. House Bill 2528 would remove the \$100,000 cap on real estate loan agreements that are subject to the existing provisions of ORS 86.205-275.