

**REVENUE: No revenue impact**

**FISCAL: Minimal fiscal impact, no statement issued**

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**Action:** Do Pass with Amendments to the A-Engrossed Measure. (Printed B-Engrossed)

**Vote:** 5 - 0 - 0

**Yeas:** Close, Dembrow, Kruse, Roblan, Prozanski

**Nays:** 0

**Exc.:** 0

**Prepared By:** Bill Taylor, Counsel

**Meeting Dates:** 2/20, 2/25

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**WHAT THE MEASURE DOES:** Requires lien claimant, when providing notice of foreclosure sale, to provide lien debtor and persons with security interest copies of records and documents that are evidence of the basis for the lien when the chattel is a motor vehicle, boat, or aircraft. Allows a secured party or lien debtor to obtain attorney fees to enforce their respective rights to notice and copies of the records. States that a person who purchases a vehicle at a foreclosure sale takes free of any security interest in the vehicle even if proper notice was not provided to the lien debtor or person with a security interest in the vehicle. Directs the Department of Transportation, the State Marine Board, and the Oregon Department of Aviation to take the appropriate steps necessary to carry out their duties under this measure. Stipulates that Sections 1, 2 and 3 of the Measure take effect January 1, 2015. Stipulates Section 4 is effective on passage.

**ISSUES DISCUSSED:**

- Purchaser at a foreclosure sale takes free and clear
- Those with a mechanics lien need to notify secured parties and owner of vehicle of foreclosure sale

**EFFECT OF COMMITTEE AMENDMENT:** Removes the lien claimant's failure to give notice from the unlawful trade practices Act. Specifies that if the lien claimant fails to give a secured party or the debtor notice, they are entitled to attorney fees in a legal action against the lien claimant. Clarifies that the foreclosure sale extinguishes a security interest in the property sold at foreclosure sale even if the secured party was not given notice of the sale.

**BACKGROUND:** The House Interim Committee on Consumer Protection and Government

Efficiency heard from representatives of credit unions that problems existed with mechanic and towing liens being foreclosed without proper notice or, in cases when notice is provided, under circumstances when charges were disputed as being unreasonable or for work performed without authorization. The current process allows the lien to be discharged by paying the lien claimant the amount of the lien claim, but there is not a clear process for disputing the amount of the claim.