



Chairman Lee Beyer  
Senate Business and Transportation Committee

May 26, 2015

Re: House Bill 3244A

Dear Chair Beyer and Members of the Committee,

Thank you for your consideration of House Bill 3244A. The Oregon Land Title Association (OLTA) strongly encourages the passage of this important legislation.

In real estate transactions the procedure is to pay off existing liens and encumbrances created by the seller so that title is clear in the name of a new buyer. The escrow agent is aware of the amount to pay a lender based on the lender's payoff statement.

Notwithstanding payments as demanded by the lender in the payoff statement, it is common that the lender will demand additional sums after closing before the lender will release their lien. These additional sums range anywhere from a few hundred dollars to several thousands. The most egregious example was a lender who, four months after closing with no notice or explanation "rejected" the wired funds in the amount demanded in their payoff statement and then immediately commenced foreclosure proceedings. This matter is still pending.

The new buyers and title companies get caught in the middle of the lenders trying to collect these additional funds from the seller. In many cases the title company ends up paying out the amount owed by the seller in order to clear the lien.

The proposed legislation would simply eliminate the lender's right to continue to claim a lien after obligation of the borrower from the payoff statement is met. It would take the new buyer and title company out of the transaction, allowing lenders to go after the amount directly with the buyers.

I would like to publicly acknowledge the assistance of Rep. Esquivel, the Oregon Banker's Association, and the Northwest Credit Union Association who worked with the Oregon Land Title Association to craft this commonsense solution to a problem that is persistent and ongoing.

Thank you.

Sincerely,

Alan Brickley

Oregon Land Title Association