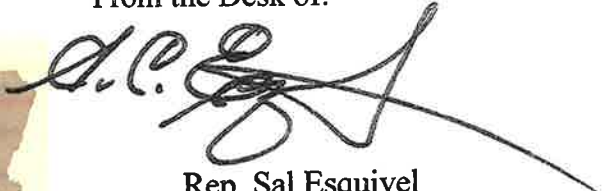


From the Desk of:




Rep. Sal Esquivel

The Oregon Land Title Association Supports HB 3244A

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 standard procedure is to pay off existing liens and encumbrances created by the seller so that title is clear when it transfers to a new buyer. The escrow agent turns to the lender-prepared payoff statement to identify that amount.

Despite receiving payment for the sum defined in the payoff statement, it is relatively common that the lender will demand additional funds after closing before they will release their lien. These additional sums can range anywhere from a few hundred dollars to several thousand dollars.

One of the most egregious examples 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 are 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 bar the lender from continuing to claim a lien after the obligation of the borrower as stated in the payoff statement is met. The legislation would not bar the lender from seeking to collect directly from the borrower amounts it regarded as unpaid.

The Oregon Land Title Association worked with the Oregon Bankers Association and the NW Credit Union Association on the narrowly focused HB 3244A. There is no opposition to the bill.

The Oregon Land Title Association urges a yes vote on HB 3244A.