

**Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session**  
**STAFF MEASURE SUMMARY**  
**House Committee On Business and Labor**

**MEASURE: HB 3244 A**  
**CARRIER: Rep. Esquivel**

**Fiscal:** No Fiscal Impact  
**Revenue:** No Revenue Impact

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**Action Date:** 04/17/15

**Action:** Do Pass As Amended And Be Printed Engrossed.

**Meeting Dates:** 03/20, 04/17

**Vote:**

Yeas: 11 - Barreto, Barton, Doherty, Esquivel, Evans, Fagan, Heard, Holvey, Kennemer, Nosse, Weidner

**Prepared By:** Jan Nordlund, Committee Administrator

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**WHAT THE MEASURE DOES:**

Provides that borrower or borrower's agent may rely on lender's payoff statement for purpose of establishing amount borrower must pay to satisfy obligation under real estate loan agreement unless borrower delivers an amended payoff statement. Provides that lender may recover amount borrower owes that did not appear on payoff statement or amended payoff statement only as unsecured debt or by foreclosing other property securing the obligation. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Frequency in which title company disburses funds but cannot get lender to finalize deal
- Purpose of title insurance

**EFFECT OF COMMITTEE AMENDMENT:**

Clarifies that construction loans are not included. Clarifies that payoff statement or amended payoff statement can be delivered to borrower's agent. Clarifies that amended payoff statement must be delivered before borrower disburses funds. Clarifies that actions to be taken to satisfy obligation must occur before any deadline, expiration date, or maturity date specified in payoff statement or amended payoff statement.

**BACKGROUND:**

In real estate transactions, all existing liens and encumbrances created by the seller are paid off so that the new buyer has a clear title. The escrow agent relies on the payoff statement provided by the lender to determine the amount owed to the lender. The Oregon Land Title Association indicates that it is common for the lender to demand additional sums after closing before the lender will release their lien. These additional sums are generally paid by the title company that has issued the title insurance to the new buyer.

House Bill 3244-A provides that the lender's payoff can be relied upon to establish the amount the borrower must pay to satisfy their obligation under the real estate agreement. The lender may submit an amended payoff statement before the final disbursement of funds. After closing, the lender may recover any amount that was not on the payoff statement only as an unsecured obligation or through foreclosure of any other property that secures the obligation. The measure applies only to residential property transactions and specifically excludes construction loans.