

**Testimony in Support of HB 3299**  
**On behalf of the OSB Debtor-Creditor Section**

April 10, 2017

Chair Holvey and members of the committee.

The Debtor Creditor Section, on behalf of its over 650 members from throughout Oregon, would like to thank the committee for the opportunity to provide these brief comments on this bill.

After carefully considering HB 3299, we would like to express two concerns with this bill and amendments as drafted and we hope the committee will consider addressing these issues before moving forward. We have appreciated the opportunity to discuss our concerns with Representatives Meek and Marsh.

Our understanding of the purpose of HB 3299 is to impose a fee on the owner who purchases a foreclosed property if it is not resold and re-occupied within a certain period after foreclosure. Our first concern is that the current proposal would impose the penalty based on the date of entry of judgment, when the property is not marketable, instead of at the end of the statutory redemption period, when the property is first marketable by the entity purchasing the property in foreclosure. In many counties, it is impossible to get a sheriff's deed, or even to hold a sheriff's sale, within 270 days of the entry of judgment due in large part to the delay in scheduling a sheriff's sale. These delays are outside of the control of the entity that brought the foreclosure, and penalizing a lender for delays they cannot control or avoid would not address the problem. It also follows that penalizing an owner for failing to resell a property during a period in which it cannot be resold due to lack of marketable title is equally problematic.

We would suggest that the bill be modified by deleting line 14 and replacing it with the following language:

“or the end of the statutory redemption period after a sheriff's sale under a judgment of foreclosure for the foreclosed residential property”

Similar language could easily be inserted into the -2 or -3 amendments if the committee decides to proceed with those changes.

Additionally, we have concerns that the definition of “owner” is not clear in the bill and may capture the wrong entities. We would suggest that it be made clear that it refers to a person or entity purchasing the property at a trustee's sale or sheriff's sale – which could be a bank, property management company, investment entity or an individual. Specifically we suggest that the definition of owner be replaced with the following:

“Owner” means a person, other than a local government, who purchases residential real property from a trustee conducting a sale under ORS 86.752 or from a sheriff conducting a sale under ORS 18.930.”

We appreciate the opportunity to comment on this bill and look forward to continuing to work with the committee on this issue in the future.