

HB 2359 STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

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Meeting Dates: 5/8

WHAT THE MEASURE DOES:

Deletes the requirement that a beneficiary send to the Attorney General a copy of a notice sent to a homeowner informing them that they are not eligible for foreclosure avoidance measure or that the homeowner has not complied with terms of the foreclosure avoidance measure.

FISCAL: No fiscal impact

REVENUE: No revenue impact

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Legislative Assembly established a residential foreclosure avoidance program with the passage of Senate Bill 1552 (2012) and subsequently made significant changes to the program by enacting Senate Bill 558 (2013). The program, which was implemented by the Attorney General, requires the residential trust deed beneficiary, typically a bank, credit union or mortgage lender, to invite the homeowner to attend a face-to-face meeting to discuss the measures that might be available to avoid foreclosure. The beneficiary must make the invitation prior to foreclosing on the trust deed.

One of the statutory requirements of the foreclosure avoidance program is for the beneficiary to send the homeowner a notice, and also to send a copy to the Attorney General, if it is determined that the homeowner is not eligible for a foreclosure avoidance measure or if the homeowner has not complied with the terms of a foreclosure avoidance measure. The intent of the notice was to prevent the homeowner from mistakenly believing they were actively negotiating a deal to avoid foreclosure while the beneficiary was actually proceeding with the foreclosure process.

House Bill 2359 removes the requirement that the beneficiary send a copy of the notice to the Attorney General. The Department of Justice has indicated that the value of receiving the notice no longer warrants the resources required to process the high volume of notices.

HOUSE VOTE: 60-0