

**HB 2359 STAFF MEASURE SUMMARY**

**Carrier:** Rep. Fahey

**House Committee On Business and Labor**

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**Action Date:** 02/22/17

**Action:** Do Pass.

**Vote:** 9-0-0-0

**Yeas:** 9 - Barreto, Bynum, Doherty, Evans, Fahey, Hack, Heard, Holvey, Kennemer

**Fiscal:** No fiscal impact

**Revenue:** No revenue impact

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**WHAT THE MEASURE DOES:**

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

**ISSUES DISCUSSED:**

- Notice sent to homeowner
- Attorney General's ability to obtain document in an investigation or through subpoena, if necessary

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

The Legislative Assembly established a residential foreclosure avoidance program in 2012 (Senate Bill 1552) and made significant changes to it in 2013 (Senate Bill 558). The program requires the residential trust deed beneficiary (e.g., a bank, credit union, 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. The Attorney General was tasked with implementing the program.

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

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