



# SENATE MAJORITY OFFICE

Oregon State Legislature  
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## NEWS RELEASE

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### **Senate Democrats welcome settlement, say there's more work to do on foreclosure** *Need for legislation more urgent than ever for struggling Oregon homeowners*

SALEM – Oregon Senate Democrats welcomed news from the Attorney General's office this morning that Oregon will sign on to a multi-state agreement with five of the nation's largest banks. The settlement addresses concerns about systemic fraud in the foreclosure and mortgage systems brought to light over the last several years.

"This settlement is welcome news for many thousands of Oregonians who have lost their homes or are facing foreclosure," said Senate Majority Leader Diane Rosenbaum (D-Portland). "But our work is not done. This settlement will set quality standards for the largest lenders, but further legislative action is needed to protect all homeowners and set standards for the wide range of lenders that participate in Oregon's marketplace."

While today's settlement is a breakthrough in addressing the foreclosure crisis, it does not apply to all lenders and does not provide help to the thousands of Oregonians who are already at risk of foreclosure. Senate Democrats have introduced two bills this session that will help homeowners facing foreclosure. Senate Bill 1564 would eliminate the dual-track process in which banks that are in the process of negotiating a mortgage modification with a homeowner are simultaneously pursuing foreclosure.

"Anyone driving around my district can see that we have a crisis on our hands when it comes to people losing their homes," said Deputy Majority Leader Alan Bates (D-Medford), a chief sponsor on both foreclosure bills. "We need to act this session to help middle class families who are struggling to keep a roof over their heads."

The other bill introduced in the Senate, SB 1552, is based on pre-foreclosure mediation programs that have proved successful in 21 other states. The bill would allow homeowners to meet with their lender in the presence of a neutral third party before a lender can proceed with a foreclosure sale. Advocates hope that a portion of the state settlement money will be used to build and operate a mediation program modeled after those utilized in other states.

"We need a system that clearly outlines the rules for struggling homeowners and their lenders," said Senator Lee Beyer (D-Springfield), also a chief sponsor on both foreclosure bills. "Too many Oregon families are at risk of losing everything. This bill will establish clear communication and basic fairness for Oregon homeowners."

The terms of the multistate agreement announced this morning include apply to nation's five largest loan servicers: Bank of America, JPMorgan Chase, Wells Fargo, Citibank and Ally Financial. For eligible borrowers, these terms include:

- Principal reduction;
- Enhanced opportunities to refinance or modify a loan;
- Payments to certain borrowers who lost their homes to foreclosure;
- Payments to participating states to fund foreclosure prevention programs;
- Nationwide reforms to servicing standards; and
- Enforcement provisions with strict penalties to assure compliance

Oregonians can find more information about the settlement announced this morning at:

<http://www.doj.state.or.us/homeowners/faqs.shtml>

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*For more information on the Senate Majority Caucus, please visit [www.orsenatemajority.org](http://www.orsenatemajority.org)*