



SENATE MAJORITY OFFICE

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Foreclosure legislation approved by Senate ***Two bills will help Oregonians struggling to keep their homes***

SALEM – With the foreclosure crisis continuing to hit Oregon’s middle class families hard, the Senate took action this morning on two priority bills that will help homeowners who are facing foreclosure. The bills, Senate Bills SB 1552 and SB 1564, received bipartisan support and now head to the House for consideration.

“Helping homeowners across Oregon who are struggling to stay in their homes should be one of the most important priorities for the Legislature during this short session,” said Senate Majority Leader Diane Rosenbaum (D-Portland). “Middle class families are counting on us. They are out of time and losing their homes. We must act to give them a fair opportunity to keep a roof over their head. Both of these bills will provide meaningful and fair help for homeowners who are struggling to pay their mortgage in these tough economic times.”

SB 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. 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.

“SB 1552 is a very simple approach that asks that lenders to sit down and talk to homeowners and explore other options before homeowners lose their homes,” said Senator Lee Beyer (D-Springfield), chief sponsor of the bill. “This is meaningful reform that will make a difference for Oregonians who are desperate to work with their lenders and find a way to keep their home.”

Oregon has continued to suffer from the foreclosure crisis. Despite a nearly 40 percent drop in foreclosure filings last year, news reports indicate that foreclosures are expected to increase in 2012 as lenders process foreclosures that had been caught in legal uncertainty. Through the second quarter of 2011, 38,176 Oregon homes were in foreclosure or seriously delinquent, and one of eleven Oregon homeowners were in foreclosure or behind on their payments.

“The legislation before us today will go a long way toward finally plugging the heavy flow of foreclosures that have stripped our state of prosperity and security for far too long,” said Senator Laurie Monnes Anderson (D-Gresham). “Every loss of a home from foreclosure is a tragedy, but for a family to lose a home

that could have been saved through mediation or other means is worse than a tragedy: it is an injustice that damages whole communities and creates a major drag on our state and local economies.”

During the 2011 session, Senate Democrats took the lead on foreclosure issues, passing SB 827. That bill, similar to SB 1564 which passed today, was never scheduled for a hearing in the House. SB 1564 prohibits a foreclosure sale when a homeowner is actively engaged in mutual negotiations or in compliance with a modification agreement.

“Despite promises to improve practices, we have seen continued violations, one story echoing another as middle class homeowners who are struggling to hang on to their homes have gotten caught in a black hole of lost files and misinformation,” said Senator Alan Bates, who carried SB 1564 on the floor today. “These are middle class Oregonians engaged in good faith foreclosure avoidance negotiations who end up foreclosed on without notice – sometimes just when they think they have reached an agreement to modify their loan. They deserve better,”

Both bills now go to the House for consideration.

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