



SENATE MAJORITY OFFICE

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Senate votes to expand relief for Oregonians with 80/20 mortgages *HB 3656 will protect borrowers from being targeted by lenders twice*

SALEM – The Senate voted today in favor of HB 3656, legislation that prevents lenders or their affiliates from pursuing further action against many second mortgages once the home has already been foreclosed and sold. The bill expands the number of foreclosed homeowners who will be protected from paying any additional balance due after foreclosure. .

“It is more important than ever that Oregonians are treated fairly when facing foreclosure,” said Senator Suzanne Bonamici (D-NW Portland/Washington Co.), who carried the bill on the Senate Floor. “It is no secret that many Oregonians were targeted with complicated loans that trapped them with high payments. This bill ensures a little more fairness if they lose their home.”

When a home buyer does not qualify for a single loan to cover the purchase price of a home, the buyer may, alternatively, qualify for an “80/20” loan, which is essentially two different loans secured by one lender. HB 3656 expands on legislation passed in the 2009 session on 80/20 mortgages. Under the new law, the lender will not be able to collect on a second mortgage if the second mortgage was created on the same day and was part of the same purchase, and is owed to or was originated by the lender or affiliate that is foreclosing.

“This bill ensures that people facing foreclosure can’t be kicked while they’re down,” said Senator Chris Edwards, (D-Eugene). “We are effectively closing a loophole that will help Oregonians who are already facing hard times.”

HB 3656 now goes to the Governor for his approval.

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