



SENATE MAJORITY OFFICE

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CONTACT: Tom Powers (503) 986-1074
tom.powers@state.or.us

Senate Committee Hears Bill to Expand Foreclosure Mediation *Bill increases access for struggling homeowners by closing loophole*

SALEM – A Senate Committee today held a public hearing on a bill that would expand Oregon’s foreclosure mediation program. Senate Bill 558 will give homeowners at risk of foreclosure the ability to request mediation with their lender regardless of the procedure that may follow.

“There are many Oregonians still struggling to stay in their homes because of the foreclosure crisis,” said Senate Majority Leader Diane Rosenbaum (D-Portland). “The benefits of mediation should be extended to all homeowners at risk of foreclosure, and we must act now to give middle class families the opportunity to keep a roof over their heads.”

Senator Rosenbaum and Senator Lee Beyer (D-Springfield), two chief sponsors of SB 558, testified at the bill’s first public hearing this afternoon.

SB 558 would expand the Foreclosure Avoidance Mediation Program (FAMP), which requires lenders to meet with homeowners in the presence of a neutral third party before a lender can proceed with a foreclosure sale. The program started operating for out-of-court foreclosures last summer, but soon after, the Oregon Court of Appeals invalidated record keeping practices used by many large lenders, which forced these banks to seek foreclosures through the courts.

“Extending the mediation program to include judicial foreclosures is just common sense,” said Senator Lee Beyer (D-Springfield). “This is a key step to ensuring that we can make a difference for Oregonians who are eager to work with their lenders and find a way to keep their home.”

While Oregon has made inroads into providing struggling homeowners with alternative options to foreclosures, the court decision has led most banks to conduct only judicial foreclosures. After the implementation of FAMP in July 2012 the overall foreclosure rate started to drop, and the amount of judicial foreclosures started to rise. According to a report from a Eugene company,

lenders reported filing 681 judicial foreclosures in December 2012, up from 446 in November 2012.

“Passing SB 558 will strengthen the foreclosure avoidance program,” said Rosenbaum. “Let’s make sure that homeowners and lenders always have options to mutually resolve, and hopefully avoid, foreclosure.”

In the 2011 and 2012 Legislative Sessions, Senate Democrats took the lead on foreclosure issues, passing legislation that created the foreclosure avoidance program and prohibiting “dual-track” foreclosure sales when the homeowner is actively engaged in mutual negotiations or in compliance with a modification agreement.

Senate Bill 558 awaits further action in the Senate Committee on General Government, Consumer and Small Business Protection.

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