



SENATE MAJORITY OFFICE

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Senate increases access to foreclosure relief for struggling homeowners *SB 558A will allow homeowners in a judicial foreclosure process the ability to meet with their lenders*

SALEM—Today the Oregon Senate voted to increase access to Oregon’s foreclosure mediation program. Senate Bill 558A will give homeowners at risk of foreclosure the ability to request mediation with their lender regardless of the procedure that may follow an initial foreclosure notice. The bill passed on a 22-7 vote.

“The foreclosure crisis continues to affect communities across Oregon. Middle class families struggling to stay in their homes are running out of time,” said Senate Majority Leader Diane Rosenbaum (D-Portland). “Today’s vote will allow all homeowners at risk of foreclosure the option of mediation. We must act now to give middle class families the opportunity to keep a roof over their heads.”

In 2012, the Oregon Legislature voted to create 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, shifted most foreclosures to the courts.

“Oregonians are eager to work with their lenders and find a way to keep their home. Let’s help them out,” said Senator Lee Beyer (D-Springfield). “The mediation program should include all homeowners who are at risk of foreclosure. Expanding it to include judicial foreclosures is just common sense.”

While Oregon has made inroads to provide 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.

Currently, one out of thirteen homeowners in Oregon are one month or more behind on their mortgage payments. Over 132,000 homeowners in the state are underwater on their mortgage, meaning they owe more on their mortgage than the value of their property.

“It’s not too late to provide relief for those affected by the ongoing foreclosure crisis,” said Rosenbaum. “This will ensure that homeowners and lenders always have options to mutually resolve, and hopefully avoid, foreclosure.”

Senate Democrats took the lead on foreclosure issues in the 2011 and 2012 legislative sessions, enacting bills that created the foreclosure avoidance program and prohibited “dual-track” foreclosure sales when a homeowner is actively engaged in mutual negotiations or in compliance with a modification agreement.

SB 558A will now go to the Oregon House of Representatives for consideration.

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