



SENATE MAJORITY OFFICE

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CONTACT: Molly Woon (503) 986-1074
molly.woon@state.or.us

Emergency Board approves \$7.6 million to help struggling homeowners *Funds will implement SB 1552, creating foreclosure mediation program*

SALEM – The Oregon Legislature’s Emergency Board approved a request for funding this morning that will launch a foreclosure mediation program to help struggling homeowners by July of this year. The program created by Senate Bill 1552 was approved in the final hours of the February Session and is a top priority for Democrats.

“Delivering meaningful foreclosure assistance was one of the key accomplishments of the 2012 Session,” said Senate Majority Leader Diane Rosenbaum (D-Portland). “For too long, banks have taken advantage of struggling Oregonians and ignored the rules. With these dollars, fair mediation for struggling homeowners will be a reality.”

Senate Bill 1552 requires banks to meet with homeowners facing foreclosure or underwater on their mortgages in mandatory mediation. While it also requires homeowners to meet with housing counselors prior to mediation, it allows homeowners to bypass housing counselors if they aren’t able to meet within a 30 day period. SB 1552 also outlaws the practice of dual-track foreclosures in which banks enter conversations with homeowners to negotiate terms of a loan while simultaneously beginning the foreclosure process.

“The loss of homes across Oregon has been devastating to communities and an obstacle to our economic recovery,” said Senator Lee Beyer (D-Springfield), chief sponsor of the bill. “This program will help thousands of families get a fair chance to renegotiate their loans. This will not only benefit the homeowner, but our neighborhoods and property values.”

The dollars approved today will allow the two departments charged with implementing SB 1552 to help struggling homeowners understand their options and communicate with their lenders. Specifically, the Oregon Housing and Community Services Department will receive funds to contract with and train housing counselors, publicize the mediation program, and provide legal assistance to Oregonians facing complex legal situations. With its portion of the funds, the Department of Justice will pay the startup costs of the mediation program and continue mortgage fraud investigations.

“My district has been especially hard hit by the foreclosure crisis and this program will help middle class families who are struggling to stay in their homes,” said Deputy Majority Leader Alan Bates (D-Medford), a member of the Emergency Board and chief sponsor of the legislation. “The Emergency Board is able to

make today's investment because of the Legislature's fiscal restraint and careful planning in February.”

The allocation approved today by the Emergency Board includes funds from the multi-state settlement with the nation's largest banks for mortgage servicing and foreclosure abuses announced earlier this year. Once up and running, the foreclosure mediation program will be supported by fees paid by lenders and homeowners participating in mediation. Since the end of the 2012 Session, a diverse group of stakeholders has worked with the Department of Justice to develop the program, which will go into effect July 11.

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