



## SENATE MAJORITY OFFICE

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### NEWS RELEASE

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#### **Senate bill will improve loan modification process for struggling homeowners** *SB 827 builds on Senate Democrats' foreclosure work of 2009 session*

SALEM – The Oregon Senate approved a bill this morning that will clarify, streamline, and add some teeth to the state's foreclosure laws. Senate Bill 827 will ensure that homeowners facing foreclosure receive timely, standardized information about how to request a loan modification and will give them recourse if there is a violation.

“The ongoing foreclosure crisis demands that we take action to help Oregon homeowners,” said Senator Suzanne Bonamici (D-NW Portland/Washington Co.), who carried the bill on the floor. “SB 827 builds on our work from last session and will increase the number of people we can help. With this bill, more Oregonians will have the information they need and the chance to be fairly considered for loan modification as an alternative to foreclosure.”

In 2009, the Legislature passed SB 628, a major reform of the state's foreclosure law. That law outlined a process for homeowners facing foreclosure to apply for a loan modification and discuss modification with their lender. Since that legislation passed, concerns have arisen around the confusing notification forms and around what is called a “dual track” process, whereby homeowners are actively pursuing or participating in a loan modification while their lender is moving toward foreclosure.

SB 827 will remove the sunset on the 2009 legislation, allowing the law to continue. It will also improve the modification process by standardizing forms and notices and by pausing the foreclosure process until a lender issues a decision on a requested loan modification. Senate Bill 827 gives homeowners legal recourse under the state's primary consumer protection law, the Unfair Trade Practices Act, if there is a violation.

“The foreclosure crisis is undeniable. Families are struggling to keep a roof over their head and homes are being abandoned,” said Senator Alan Bates (D-Medford), a sponsor of the bill. “This bill demonstrates our commitment to helping Oregonians reach a reasonable arrangement with their lenders and stay in their homes.”

Oregon has been hit especially hard in this foreclosure crisis. According to the Department of Consumer and Business Services, the most recent numbers rank Oregon 27<sup>th</sup> in foreclosure inventory for all states and 13<sup>th</sup> in the nation for percentage of mortgages past due.

“For several sessions Senate Democrats have made it a priority to help Oregon homeowners facing foreclosure,” said Senate Majority Leader Diane Rosenbaum (D-Portland). “SB 827 will improve the loan modification process to ensure it is clearly explained, that lenders are playing by the rules, and that homeowners have some recourse if there is a violation.”

The bill now goes to the House for consideration.

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