



SENATE MAJORITY OFFICE

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Relief for Oregonians with 80/20 mortgages finds support in Senate *HB 3004 will protect borrowers from being targeted by lenders twice*

SALEM – The Senate today voted in favor of HB 3004, legislation that prevents lenders or their affiliates from pursuing further action against a second mortgage once the home has already been foreclosed and sold. Under the bill, if a lender or its affiliate holds two mortgages, one for 80 percent and one for 20 percent, and forecloses and sells the home, the lender is barred from suing the former homeowner for their interest in the second lien for 20 percent.

“It is well-known by now that some lenders gave Oregon borrowers complicated loans that trapped them with high payments,” said Senator Suzanne Bonamici (D-NW Portland/Washington Co.), who carried the bill on the Senate Floor. “If Oregonians lose their homes, they’re already paying the price. They shouldn’t have to pay a second time.”

HB 3004 applies retroactively, potentially relieving beleaguered Oregonians of millions of dollars of debt, and applies only to lenders that hold both mortgages. Local bankers and credit unions have supported the bill, decrying the deceptive practices of a few out of state lenders.

“This bill ensures that if a homeowner defaults on a loan, the lender gets the property and the homeowner doesn’t face further indebtedness,” said Senator Vicki Walker, (D-Eugene). “We are effectively closing a loophole that will help Oregonians who are already facing hard times.”

HB 3004 was introduced by Representatives Brian Clem (D-Salem) and Chris Edwards (D- Eugene) and now goes to the House for concurrence.

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