



SENATE MAJORITY OFFICE

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Foreclosure assistance package passed in Senate *SB 628 outlines process to help prevent foreclosures*

SALEM – With Oregon foreclosure rates soaring, the Senate voted unanimously today to pass an assistance package that aims at helping Oregonians who are at risk of losing their homes. SB 628 establishes a process to bring lenders and borrowers together to review the viability of a modified loan with a goal of preventing foreclosures.

“This legislation creates the opportunity for homeowners to have a conversation with their lender about modifying their loans,” said Senator Suzanne Bonamici (D-NW Portland/Washington Co.), chief sponsor of the bill. “Many times when borrowers fall behind on their mortgage payments they don’t know who to call, and when they do, they find that there isn’t anyone on the other end of the line to help them navigate this complicated system.”

SB 628 requires that any Notice of Default sent to Oregon homeowners outline the following:

- Information about the possibility of loan modification;
- A “Modification Request Form (Form);” and
- Contact information for referral to a Housing Counselor.

The homeowner can return the form and ask for a meeting with the lender. That meeting can be held over the telephone.

“Oregon was slow to arrive at the foreclosure crisis but we are clearly in the thick of it now,” said Deputy Senate Majority Leader Laurie Monnes Anderson (D-Gresham). “Last quarter 64 Oregonians a day were receiving notice that their home was about to be foreclosed upon. For many of these families even reaching their lender was an impossible task. SB 628 speaks to this problem.”

If the homeowner returns the modification request form, the lender must review it in good faith and notify the homeowner about whether or not they qualify for a meeting to discuss loan modification. There is an exemption from meeting if the lender has already conducted a good faith evaluation and determined that the borrower does not qualify.

SB 628 also directs the Department of Justice to appropriate funds for additional housing counselors to help homeowners through this process. These funds will come from a legal settlement against a national mortgage company, which per the settlement must be used for foreclosure relief.

“This is clearly a step in the right direction for addressing the housing crisis in Oregon,” said Senator Ginny Burdick (D-Portland). “Foreclosures don’t just affect the homeowner; they impact entire neighborhoods and communities by lowering property values.”

Last month, President Obama signed legislation creating the Home Affordable Modification Program (HAMP) to assist homeowners seeking to modify loans. Senate Bill 628 provides the structure for more and better communication between homeowners and lenders, further enabling them to work toward reducing the numbers of foreclosures in Oregon.

The bill will now go to the House for consideration.

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