

Senate Bill 1552

Senate Bill 1552 provides Oregon homeowners facing foreclosure with the right to mediation, access to better information, and protection from “dual-track” processing. The bill contains the following elements:

- **Mandatory Meeting with Underwater Homeowners** – Requires lenders to meet with homeowners who are underwater in the presence of a third party mediator upon borrower request.
- **Mediation for Homeowners in Default** – Prior to starting the foreclosure process, lenders must mediate with homeowners in default to negotiate possible alternatives to foreclosure, unless homeowner chooses to opt-out.
- **Housing Counseling** – Requires homeowner to visit a housing counselor prior to proceeding with mediation.
- **Fast Track to Mediation** – If the homeowner is unable to get an appointment with a housing counselor within 30 days, the housing counselor requirement is waived so the homeowner can proceed directly to mediation.
- **Advance Notification** – Notice of mediation must be sent 60 days prior to service of the notice of sale. The existing 120 day timeline from notice of sale to foreclosure sale remains.
- **Authority to Negotiate** – Banks must send someone to mediation with the authority to accept or reject proposals for foreclosure avoidance measures. If good cause is shown, the mediator may allow the lender’s representative to attend the mediation by phone or video.
- **Attorney General Oversight** – Directs the Attorney General to draft rules and oversee the foreclosure mediation program.
- **Costs** – Lender and homeowner share the cost of mediation. Homeowner may be charged a fee of up to \$200. Mediator may waive cost to homeowner.
- **Exception for Small Lenders** – Lenders doing fewer than 250 foreclosures a year (including those filed by affiliates or agents) are exempt from the mediation requirements.
- **End to “Dual Tracking”** – Prohibits all lenders from “dual tracking” homeowners (renegotiating loan terms with homeowners while at the same time pursuing foreclosure) by only allowing a lender to foreclose if:
 - a. The borrower has violated a current foreclosure avoidance agreement, *or*;
 - b. The borrower is not eligible for any foreclosure avoidance measure.
- **Proper Notice** – Once a lender has determined it can foreclose, it must provide the homeowner with notice 30 days before the foreclosure date is scheduled. A sale date may be postponed once for up to 2 days by announcement at the original sale date, or the lender must provide at least 15 days’ written notice of the new date.
- **Enforcement** –Prior to sale, the lender must record certification of compliance with mediation and the dual track provisions. Lack of this certification would create a cloud on the home’s title. Sanction for violation of the dual track provision is a \$500 fine, actual damages, and reasonable attorney fees to the prevailing plaintiff.
- **Effective Date** – The bill has an emergency clause and takes effect on the 91st day after it is signed by the Governor.