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For immediate release:
Sept. 28, 2009

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Oregon homeowners facing foreclosure have new rights

Lenders required to meet with borrowers about loan modifications

(Salem) — Today a new law takes effect that strengthens the rights of Oregon homeowners who face foreclosure to help more families stay in their home during this difficult economic climate.

Senate Bill 628, passed by the 2009 Oregon Legislature, requires lenders to meet with borrowers facing foreclosure – either in person or by phone – and evaluate whether they qualify for a loan modification. A loan modification could help borrowers lower their monthly payments and keep their home.

“Oregonians are confronting a number of challenges during this economic downturn, including a growing number of families at risk of losing their home through foreclosure,” said Governor Kulongoski. “By requiring lenders to meet with homeowners, this law provides Oregonians another avenue to avoid foreclosure and stay in the home they worked so hard to attain.”

Starting today, foreclosure notices that are sent to homeowners who are late on their mortgage payments include new information about how to meet with their lender and how to request a loan modification. If the borrower requests it, lenders must meet with the borrower and evaluate the borrower for a loan modification before foreclosing on the home. The meeting can be by phone, and it must be with a person who has or can get authority to modify the loan.

“Many homeowners may qualify for a loan modification, but often have a difficult time getting in touch with the right person at their lending company,” said Sen. Suzanne Bonamici (D-Washington County/Portland), chair of the Senate Consumer Protection Committee, who proposed the legislation. “This law gives Oregonians the tools they need to potentially save their home.”

Oregonians who are seriously behind on their mortgage payments should watch their mail for the new foreclosure notice. Once they receive the notice, they should immediately take the following steps:

1. Call their lender to set up a meeting to discuss a loan modification.
2. Fill out the loan modification request form provided in the notice.
3. Call 1-800-SAFENET and ask to be referred to a nonprofit foreclosure counselor. The counselor can help homeowners request a loan modification.

Homeowners should act fast – they have 30 days from the date of the foreclosure notice to request a loan modification.

“Many homeowners in trouble may feel hopeless, but they do have options,” said Cory Streisinger, director of the Department of Consumer and Business Services. “The key is they need to be proactive to benefit from this new law, as well as the other resources available to them in Oregon.”

The Department of Consumer and Business Services has been working with the Department of Justice, Oregon Housing and Community Services, the legislature, and consumer groups to protect Oregonians from mortgage fraud and provide resources to homeowners facing foreclosure.

“In this tough recession, we need to do all we can to keep Oregonians in their homes,” said Attorney General John Kroger.

The agencies have provided funding for foreclosure counseling using proceeds from Oregon settlements exposing mortgage fraud. Homeowners can call 1-800-SAFENET or log onto www.211info.org to find a counselor in their area.

The state organized the first Homeownership Preservation Event (HOPE) in Portland in May, where homeowners could meet with counselors, lenders, and attorneys and attend workshops on preventing foreclosure. A second event is scheduled for Saturday, Oct. 17, in Medford, at the RCC/SOU Higher Education Center. To register, go to www.access-inc.org or call 541-774-4305.

In addition, the state launched a new Web site for homeowners at <http://foreclosurehelp.oregon.gov>. The site contains information and resources to help homeowners prevent foreclosure, avoid scams, and better understand the foreclosure process.

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The Department of Consumer and Business Services is Oregon’s largest business regulatory and consumer protection agency. For more information, visit www.dcbs.oregon.gov.