# House Bill 2399

Sponsored by Representative WITT; Representatives BAILEY, BARNHART, BUCKLEY, DOHERTY, FREDERICK, GELSER, HOLVEY, MATTHEWS (Presession filed.)

#### SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires each transfer, assignment or other conveyance of beneficial ownership or beneficial interest in note or other instrument that is evidence of obligation grantor owes and that is secured by trust deed on residential property to be recorded with county clerk within 15 calendar days in order for trustee to foreclose trust deed by advertisement and sale. Requires person that seeks to record transfer, assignment, conveyance or reconveyance of trust deed to inspect and correct mort-gage record and to pay county clerk certain amount for each correction.

Requires notice of sale in trust deed foreclosure to include certain documentation.

Declares emergency, effective on passage.

#### A BILL FOR AN ACT

2 Relating to documentation requirements for foreclosing residential property; creating new pro-

3 visions; amending ORS 86.735, 86.745 and 86.750; and declaring an emergency.

4 Be It Enacted by the People of the State of Oregon:

5 SECTION 1. Section 2 of this 2013 Act is added to and made a part of ORS 93.780 to 93.800.

6 **SECTION 2.** (1) As used in this section:

7 (a) "Beneficiary" has the meaning given that term in ORS 86.705.

8 (b) "Grantor" has the meaning given that term in ORS 86.705.

9 (c) "Trust deed" has the meaning given that term in ORS 86.705.

10 (2) Each transfer, assignment or other conveyance of beneficial ownership or a beneficial 11 interest in a note or other instrument that is evidence of an obligation that a grantor owes 12 to a beneficiary and that is secured by a trust deed on residential property must be recorded 13 in accordance with the provisions of ORS 205.130 within 15 calendar days of the transfer, 14 assignment or other conveyance. Recording a transfer, assignment or other conveyance un-15 der this subsection is subject to the fee provided for recording an instrument under ORS 16 205.320.

17 (3) A person other than a grantor in a trust deed, as a condition of recording a transfer, 18 assignment, conveyance or reconveyance of the estate of residential property described in a trust deed recorded for the residential property, shall inspect and correct any errors in or 19 20 omissions of the information required to be recorded under subsection (2) of this section in 21 the mortgage record that is filed with the county clerk. After correcting any errors or 22 omissions, the person shall record an affidavit that states, under oath and subject to the 23penalty for perjury, that the mortgage record is complete and accurate to the best of the 24 person's knowledge and belief.

(4) For each correction described in subsection (3) of this section that is necessary to
 make the mortgage record complete and accurate, the person other than the grantor that
 records the transfer, assignment, conveyance or reconveyance of the estate described in the

1

trust deed shall pay to the county clerk an amount equivalent to the recording fee that would have been due to record a transfer, assignment or other conveyance of the beneficial interest in the note or other instrument that is evidence of the obligation, multiplied by the number of months that have passed since the date on which the transfer, assignment or other conveyance should have been recorded under subsection (2) of this section. A person that pays a fee in accordance with this subsection, or an affiliate of the person, may not recover from the grantor the amount of the fee the person paid.

8 <u>SECTION 3.</u> ORS 86.735, as amended by section 6, chapter 112, Oregon Laws 2012, is amended
9 to read:

10 86.735. A trustee may foreclose a trust deed by advertisement and sale in the manner provided 11 in ORS 86.740 to 86.755 if:

(1) The trust deed, any assignments of the trust deed by the trustee or the beneficiary and any
appointment of a successor trustee are recorded in the mortgage records in the counties in which
the property described in the deed is situated;

(2) Each transfer, assignment or other conveyance of beneficial ownership or a beneficial
interest in a note or other instrument that is evidence of an obligation that the grantor owes
to the beneficiary and that is secured by the trust deed is recorded in accordance with section 2 of this 2013 Act;

19 [(2)] (3) There is a default by the grantor or other person that owes an obligation, the per-20 formance of which is secured by the trust deed, or by the grantor's or other person's successors in 21 interest with respect to a provision in the deed that authorizes sale in the event of default of the 22 provision;

[(3)] (4) The trustee or beneficiary has filed for record in the county clerk's office in each county where the trust property, or some part of the trust property, is situated, a notice of default containing the information required by ORS 86.745 and containing the trustee's or beneficiary's election to sell the property to satisfy the obligation;

[(4)] (5) The beneficiary or the beneficiary's agent has filed for recording in the official records of the county or counties in which the property that is subject to the residential trust deed is located the certificate of compliance the beneficiary received under section 2, chapter 112, Oregon Laws 2012, if the beneficiary must enter into mediation with the grantor under section 2 (2)(a), chapter 112, Oregon Laws 2012;

32 [(5)(a)] (6)(a) The beneficiary or the beneficiary's agent has complied with the provisions of
 33 section 4a, chapter 112, Oregon Laws 2012; and

(b) The grantor is not in compliance with the terms of a foreclosure avoidance measure uponwhich the beneficiary and the grantor have agreed; and

36 [(6)] (7) An action has not been commenced to recover the debt or any part of the debt then 37 remaining secured by the trust deed, or, if an action has been commenced, the action has been dis-38 missed, except that:

(a) Subject to ORS 86.010 and the procedural requirements of ORCP 79 and 80, an action may
be commenced to appoint a receiver or to obtain a temporary restraining order during foreclosure
of a trust deed by advertisement and sale, except that a receiver may not be appointed with respect
to a single-family residence that the grantor, the grantor's spouse or the grantor's minor or dependent child occupies as a principal residence.

44 (b) An action may be commenced to foreclose, judicially or nonjudicially, the same trust deed 45 as to any other property covered by the trust deed, or any other trust deeds, mortgages, security

1	agreements or other consensual or nonconsensual security interests or liens that secure repayment
<b>2</b>	of the debt.
3	SECTION 4. ORS 86.745 is amended to read:
4	86.745. The notice of sale [shall] required under ORS 86.740 must:
5	(1) List the names of the grantor, trustee and beneficiary in the trust deed, and the mailing ad-
6	dress of the trustee.
7	(2) Describe the property the trust deed covers.
8	(3) Identify the book and page of the mortgage records that record the trust deed.
9	(4) Include a copy of the affidavit recorded under section 2 (2) of this 2013 Act.
10	(5) Include a statement that advises the grantor that:
11	(a) Section 2 of this 2013 Act requires any transfer, assignment or other conveyance of
12	beneficial ownership or a beneficial interest in the note or other instrument that is evidence
13	of the grantor's obligation to the beneficiary and that is secured by a trust deed on the
14	residential property that is subject to foreclosure to be properly recorded in the mortgage
15	records for the residential property; and
16	(b) The grantor may inspect the mortgage records to verify that the required information
17	has been properly recorded in accordance with section 2 of this 2013 Act.
18	[(4)] (6) State the default for which the foreclosure is made.
19	[(5)] (7) State the sum owing on the obligation that the trust deed secures.
20	[(6)] (8) State that the property will be sold to satisfy the obligation.
21	[(7)] (9) Set forth the date, time and place of the sale.
22	[(8)] (10) State that the right exists under ORS 86.753 to have the proceeding dismissed and the
23	trust deed reinstated by paying the entire amount then due, together with costs, trustee's fees and
24	attorney fees, and by curing any other default complained of in the notice of default, at any time
25	that is not later than five days before the date last set for the sale.
26	[(9)] (11) If the property includes one or more dwelling units that are subject to ORS chapter
27	90, include a notice addressed clearly to any individual who occupies the property and who is or
28	might be a residential tenant. The notice required under this subsection must:
29	(a) Include contact information for the Oregon State Bar and a person or organization that
30	provides legal help to individuals at no charge to the individual;
31	(b) Include information concerning the right the individual has to notice under ORS 86.755 (6)(c);
32	(c) Be set apart from other text in the notice of sale; and
33	(d) Be in substantially the following form:
34	
35	
36	NOTICE TO RESIDENTIAL TENANTS
37	The property in which you are living is in foreclosure. A foreclosure sale is scheduled for
38	(date). The date of this sale may be postponed. Unless the lender that is foreclosing on this
39	property is paid before the sale date, the foreclosure will go through and someone new will own this
40	property. After the sale, the new owner is required to provide you with contact information and
41	notice that the sale took place.
42	The following information applies to you only if you are a bona fide tenant occupying and
43	renting this property as a residential dwelling under a legitimate rental agreement. The information
44	does not apply to you if you own this property or if you are not a bona fide residential tenant.
45	If the foreclosure sale goes through, the new owner will have the right to require you to move

out. Before the new owner can require you to move, the new owner must provide you with written 1 notice that specifies the date by which you must move out. If you do not leave before the move-out 2 date, the new owner can have the sheriff remove you from the property after a court hearing. You 3 will receive notice of the court hearing. 4 PROTECTION FROM EVICTION 5 IF YOU ARE A BONA FIDE TENANT OCCUPYING AND RENTING THIS PROPERTY AS A 6 RESIDENTIAL DWELLING, YOU HAVE THE RIGHT TO CONTINUE LIVING IN THIS PROP-7 ERTY AFTER THE FORECLOSURE SALE FOR: 8 9 • THE REMAINDER OF YOUR FIXED TERM LEASE, IF YOU HAVE A FIXED TERM LEASE; OR 10 • AT LEAST 90 DAYS FROM THE DATE YOU ARE GIVEN A WRITTEN TERMINATION 11 12NOTICE. 13 If the new owner wants to move in and use this property as a primary residence, the new owner can give you written notice and require you to move out after 90 days, even though you have a fixed 14 15 term lease with more than 90 days left. 16You must be provided with at least 90 days' written notice after the foreclosure sale before you can be required to move. 17 18 A bona fide tenant is a residential tenant who is not the borrower (property owner) or a child, spouse or parent of the borrower, and whose rental agreement: 19 • Is the result of an arm's-length transaction; 20• Requires the payment of rent that is not substantially less than fair market rent for the 2122property, unless the rent is reduced or subsidized due to a federal, state or local subsidy; and 23• Was entered into prior to the date of the foreclosure sale. ABOUT YOUR TENANCY 24 BETWEEN NOW AND THE 25FORECLOSURE SALE: RENT 26YOU SHOULD CONTINUE TO PAY RENT TO YOUR LANDLORD UNTIL THE PROPERTY 27IS SOLD OR UNTIL A COURT TELLS YOU OTHERWISE. IF YOU DO NOT PAY RENT, YOU 28CAN BE EVICTED. BE SURE TO KEEP PROOF OF ANY PAYMENTS YOU MAKE. 2930 SECURITY DEPOSIT 31 You may apply your security deposit and any rent you paid in advance against the current rent you owe your landlord as provided in ORS 90.367. To do this, you must notify your landlord in 32writing that you want to subtract the amount of your security deposit or prepaid rent from your rent 33 34 payment. You may do this only for the rent you owe your current landlord. If you do this, you must 35 do so before the foreclosure sale. The business or individual who buys this property at the foreclosure sale is not responsible to you for any deposit or prepaid rent you paid to your landlord. 36 37 ABOUT YOUR TENANCY 38 AFTER THE FORECLOSURE SALE The new owner that buys this property at the foreclosure sale may be willing to allow you to 39 stay as a tenant instead of requiring you to move out after 90 days or at the end of your fixed term 40 lease. After the sale, you should receive a written notice informing you that the sale took place and 41 giving you the new owner's name and contact information. You should contact the new owner if you 42 would like to stay. If the new owner accepts rent from you, signs a new residential rental agreement 43 with you or does not notify you in writing within 30 days after the date of the foreclosure sale that 44 you must move out, the new owner becomes your new landlord and must maintain the property. 45

1	Otherw	vise:

2

 $\mathbf{5}$ 

You do not owe rent;

• The new owner is not your landlord and is not responsible for maintaining the property on your behalf; and

• You must move out by the date the new owner specifies in a notice to you.

6 The new owner may offer to pay your moving expenses and any other costs or amounts you and 7 the new owner agree on in exchange for your agreement to leave the premises in less than 90 days 8 or before your fixed term lease expires. You should speak with a lawyer to fully understand your 9 rights before making any decisions regarding your tenancy.

IT IS UNLAWFUL FOR ANY PERSON TO TRY TO FORCE YOU TO LEAVE YOUR 10 DWELLING UNIT WITHOUT FIRST GIVING YOU WRITTEN NOTICE AND GOING TO COURT 11 12 TO EVICT YOU. FOR MORE INFORMATION ABOUT YOUR RIGHTS, YOU SHOULD CONSULT A LAWYER. If you believe you need legal assistance, contact the Oregon State Bar and ask for the 13 lawyer referral service. Contact information for the Oregon State Bar is included with this notice. 14 15 If you do not have enough money to pay a lawyer and are otherwise eligible, you may be able to 16 receive legal assistance for free. Information about whom to contact for free legal assistance is included with this notice. 17

### 18

19

20 <u>SECTION 5.</u> ORS 86.745, as amended by section 6, chapter 510, Oregon Laws 2011, is amended 21 to read:

22 86.745. The notice of sale [*shall*] required under ORS 86.740 must:

(1) List the names of the grantor, trustee and beneficiary in the trust deed, and the mailing ad-dress of the trustee.

25 (2) Describe the property the trust deed covers.

26 (3) Identify the book and page of the mortgage records that record the trust deed.

27 (4) Include a copy of the affidavit recorded under section 2 (2) of this 2013 Act.

28 (5) Include a statement that advises the grantor that:

(a) Section 2 of this 2013 Act requires any transfer, assignment or other conveyance of
beneficial ownership or a beneficial interest in the note or other instrument that is evidence
of the grantor's obligation to the beneficiary and that is secured by a trust deed on the
residential property that is subject to foreclosure to be properly recorded in the mortgage
records for the residential property; and

(b) The grantor may inspect the mortgage records to verify that the required information
 has been properly recorded in accordance with section 2 of this 2013 Act.

[(4)] (6) State the default for which the foreclosure is made.

37 [(5)] (7) State the sum owing on the obligation that the trust deed secures.

38 [(6)] (8) State that the property will be sold to satisfy the obligation.

39 [(7)] (9) Set forth the date, time and place of the sale.

[(8)] (10) State that the right exists under ORS 86.753 to have the proceeding dismissed and the trust deed reinstated by paying the entire amount then due, together with costs, trustee's fees and attorney fees, and by curing any other default complained of in the notice of default, at any time that is not later than five days before the date last set for the sale.

44 [(9)] (11) If the property includes one or more dwelling units that are subject to ORS chapter 45 90, include a notice addressed clearly to any individual who occupies the property and who is or

1	might be a residential tenant. The notice required under this subsection must:
<b>2</b>	(a) Include contact information for the Oregon State Bar and a person or organization that
3	provides legal help to individuals at no charge to the individual;
4	(b) Include information concerning the right the individual has to notice under ORS 86.755 (6)(c);
5	(c) Be set apart from other text in the notice of sale; and
6	(d) Be in substantially the following form:
7	
8	
9	NOTICE TO RESIDENTIAL TENANTS
10	The property in which you are living is in foreclosure. A foreclosure sale is scheduled for
11	(date). The date of this sale may be postponed. Unless the lender that is foreclosing on this
12	property is paid before the sale date, the foreclosure will go through and someone new will own this
13	property. After the sale, the new owner is required to provide you with contact information and
14	notice that the sale took place.
15	The following information applies to you only if you are a bona fide tenant occupying and
16	renting this property as a residential dwelling under a legitimate rental agreement. The information
17	does not apply to you if you own this property or if you are not a bona fide residential tenant.
18	If the foreclosure sale goes through, the new owner will have the right to require you to move
19	out. Before the new owner can require you to move, the new owner must provide you with written
20	notice that specifies the date by which you must move out. If you do not leave before the move-out
21	date, the new owner can have the sheriff remove you from the property after a court hearing. You
22	will receive notice of the court hearing.
23	PROTECTION FROM EVICTION
24	IF YOU ARE A BONA FIDE TENANT OCCUPYING AND RENTING THIS PROPERTY AS A
25	RESIDENTIAL DWELLING, YOU HAVE THE RIGHT TO CONTINUE LIVING IN THIS PROP-
26	ERTY AFTER THE FORECLOSURE SALE FOR:
27	• 60 DAYS FROM THE DATE YOU ARE GIVEN A WRITTEN TERMINATION NOTICE, IF
28	YOU HAVE A FIXED TERM LEASE; OR
29	• AT LEAST 30 DAYS FROM THE DATE YOU ARE GIVEN A WRITTEN TERMINATION
30	NOTICE, IF YOU HAVE A MONTH-TO-MONTH OR WEEK-TO-WEEK RENTAL AGREEMENT.
31	If the new owner wants to move in and use this property as a primary residence, the new owner
32	can give you written notice and require you to move out after 30 days, even though you have a fixed
33	term lease with more than 30 days left.
34	You must be provided with at least 30 days' written notice after the foreclosure sale before you
35	can be required to move.
36	A bona fide tenant is a residential tenant who is not the borrower (property owner) or a child,
37	spouse or parent of the borrower, and whose rental agreement:
38	• Is the result of an arm's-length transaction;
39	• Requires the payment of rent that is not substantially less than fair market rent for the
40	property, unless the rent is reduced or subsidized due to a federal, state or local subsidy; and
41	• Was entered into prior to the date of the foreclosure sale.
42	ABOUT YOUR TENANCY
43	BETWEEN NOW AND THE
44	FORECLOSURE SALE: RENT
45	YOU SHOULD CONTINUE TO PAY RENT TO YOUR LANDLORD UNTIL THE PROPERTY

	HB 2399
1	IS SOLD OR UNTIL A COURT TELLS YOU OTHERWISE. IF YOU DO NOT PAY RENT, YOU
<b>2</b>	CAN BE EVICTED. BE SURE TO KEEP PROOF OF ANY PAYMENTS YOU MAKE.
3	SECURITY DEPOSIT
4	You may apply your security deposit and any rent you paid in advance against the current rent
5	you owe your landlord as provided in ORS 90.367. To do this, you must notify your landlord in
6	writing that you want to subtract the amount of your security deposit or prepaid rent from your rent
7	payment. You may do this only for the rent you owe your current landlord. If you do this, you must
8	do so before the foreclosure sale. The business or individual who buys this property at the foreclo-
9	sure sale is not responsible to you for any deposit or prepaid rent you paid to your landlord.
10	ABOUT YOUR TENANCY
11	AFTER THE FORECLOSURE SALE
12	The new owner that buys this property at the foreclosure sale may be willing to allow you to
13	stay as a tenant instead of requiring you to move out after 30 or 60 days. After the sale, you should
14	receive a written notice informing you that the sale took place and giving you the new owner's
15	name and contact information. You should contact the new owner if you would like to stay. If the
16	new owner accepts rent from you, signs a new residential rental agreement with you or does not
17	notify you in writing within 30 days after the date of the foreclosure sale that you must move out,
18	the new owner becomes your new landlord and must maintain the property. Otherwise:
19	• You do not owe rent;
20	• The new owner is not your landlord and is not responsible for maintaining the property on
21	your behalf; and
22 92	• You must move out by the date the new owner specifies in a notice to you. The new owner may offer to pay your moving expenses and any other costs or amounts you and
23 24	the new owner agree on in exchange for your agreement to leave the premises in less than 30 or
24 25	60 days. You should speak with a lawyer to fully understand your rights before making any decisions
26	regarding your tenancy.
20 27	IT IS UNLAWFUL FOR ANY PERSON TO TRY TO FORCE YOU TO LEAVE YOUR
 28	DWELLING UNIT WITHOUT FIRST GIVING YOU WRITTEN NOTICE AND GOING TO COURT
29	TO EVICT YOU. FOR MORE INFORMATION ABOUT YOUR RIGHTS, YOU SHOULD CONSULT
30	A LAWYER. If you believe you need legal assistance, contact the Oregon State Bar and ask for the
31	lawyer referral service. Contact information for the Oregon State Bar is included with this notice.
32	If you do not have enough money to pay a lawyer and are otherwise eligible, you may be able to
33	receive legal assistance for free. Information about whom to contact for free legal assistance is in-
34	cluded with this notice.
35	
36	
37	SECTION 6. ORS 86.750 is amended to read:
38	86.750. (1)(a) Except as provided in paragraph (b) of this subsection, the notice [prescribed in]
39	and documentation required under ORS 86.745 must be served upon an occupant of the property
40	described in the trust deed in the manner in which a summons is served pursuant to ORCP 7 $D(2)$
41	and 7 D(3) at least 120 days before the day the trustee conducts the sale.
42	(b)(A) If service cannot be effected on an occupant as provided in paragraph (a) of this sub-
43	section on the first attempt, the person that attempts to effect service shall post a copy of the notice

43 section on the first attempt, the person that attempts to effect service shall post a copy of the notice
44 in a conspicuous place on the property on the date of the first attempt. The person that attempts
45 to effect service shall make a second attempt to effect service on a day that is at least two days

after the first attempt. 1

2 (B) If service cannot be effected on an occupant as provided in paragraph (a) of this subsection on the second attempt, the person that attempts to effect service shall post a copy of the notice in 3 a conspicuous place on the property on the date of the second attempt. The person that attempts 4 to effect service shall make a third attempt to effect service on a day that is at least two days after 5 the second attempt. 6

7 (C) If service cannot be effected on an occupant as provided in paragraph (a) of this subsection on the third attempt, the person that attempts to effect service shall send a copy of the notice, 8 9 bearing the word "occupant" as the addressee, to the property address by first class mail with 10 postage prepaid.

(c) Service on an occupant is effected on the earlier of the date that notice is served as provided 11 12 in paragraph (a) of this subsection or the first date on which notice is posted as described in para-13 graph (b)(A) of this subsection.

(2)(a) Except as provided in paragraph (b) of this subsection, a copy of the notice of sale must 14 15 be published in a newspaper of general circulation in each of the counties in which the property is situated once a week for four successive weeks. The last publication must be made more than 20 16 days prior to the date the trustee conducts the sale. 17

18 (b) The copy of the notice of sale required to be published under paragraph (a) of this subsection 19 does not need to include the notice to tenants required under ORS 86.745 [(9)] (11) or the doc-20umentation described in ORS 86.745 (4) or (5).

(3) At or before the time the trustee conducts the sale, the trustee shall file for recording in the 2122official record of the county or counties in which the property described in the deed is situated the 23following affidavits with respect to the notice of sale:

(a) An affidavit of mailing, if any; 24

(b) An affidavit of service, if any; 25

(c) An affidavit of service attempts and posting, if any; and 26

27(d) An affidavit of publication.

(4) At or before the time the trustee conducts the sale, the trustee shall file for recording in the 28official record of the county or counties in which the property described in the deed is situated an 2930 affidavit of mailing with respect to the notice to the grantor required under ORS 86.737.

31 SECTION 7. (1) Subject to the provisions of subsection (2) of this section, section 2 of this 2013 Act and the amendments to ORS 86.735, 86.745 and 86.750 by sections 3, 4, 5 and 6 of this 322013 Act apply to: 33

34 (a) A notice of sale sent on or after the effective date of this 2013 Act;

(b) A foreclosure by advertisement and sale that occurs on or after the effective date of 35 this 2013 Act; and 36

37 (c) A recording of a transfer, assignment, conveyance or reconveyance of the estate of residential property described in a trust deed previously recorded for the residential property 38 that occurs on or after the effective date of this 2013 Act. 39

(2) The provisions of section 2 (3) and (4) of this 2013 Act that require a person to inspect 40 and correct mortgage records, state in an affidavit that the mortgage record is accurate and 41 complete and pay a fee for each correction apply regardless of whether the transfer, as-42signment or other conveyance described in section 2 (2) of this 2013 Act occurred before, on 43 or after the effective date of this 2013 Act. 44

45

SECTION 8. This 2013 Act being necessary for the immediate preservation of the public

1 peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect

\_\_\_\_\_

- 2 on its passage.
- 3