

OREGON STATE BAR
Legislative Proposal

RE: Amendment of Possessory Lien Statutes

FROM: OSB Debtor/Creditor Section

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This bill would amend ORS 87.206.

1. PROBLEM PRESENTED

Under existing law, proceeds from a sale of personal property in a possessory lien foreclosure are distributed to satisfy the claims secured by such lien and expenses related to the foreclosure with the remainder paid to the treasurer of the county where the foreclosure sale occurred for payment to the lien debtor. There is no provision in existing law to provide surplus proceeds to creditors with junior liens on the asset sold.

2. SOLUTION

To amend the statute to allow payment to junior lien creditors after satisfaction of the claim secured by the lien being foreclosed and related expenses. New language would be modeled after Article 9 of the Uniform Commercial Code and Revised Code of Washington 60.10.030.

3. PUBLIC POLICY IMPLICATION

To make the distribution of proceeds under statutory lien law to be in conformance with the Uniform Commercial Code.