

# OREGON LAW CENTER

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**TESTIMONY IN SUPPORT OF HB 3174**  
**Before the House Consumer Protection and Government Efficiency Committee**  
**March 28<sup>th</sup>, 2013**

Chair Holvey, Vice-Chairs Lively and Richardson, and Members of the Committee:

Thank you for the opportunity to submit written testimony on behalf of the Oregon Law Center (OLC) regarding HB 3174. This bill would expand current protections for homeowners and families who are left with no choice in economic crisis but to file bankruptcy.

As you may know, OLC is a statewide non-profit law firm whose mission is to provide access to justice for the low income communities of Oregon by providing a full range of the highest quality civil legal services. Our clients generally fall within 185% of the federal poverty level. Because we are not able to help all who qualify for our services, we prioritize the provision of assistance to the neediest Oregonians – those who are most vulnerable. We provide services in the area of administrative law (including public benefits), consumer law (including foreclosure prevention), housing law, civil rights, and family law.

The populations we serve are fighting a constant battle to maintain a basic minimum standard of living for themselves and their children. They are without the benefit of financial reserves or support to tide them over during unexpected hard times. In addition, formerly middle class Oregonians have suffered from long-term unemployment due to the recession, and the expiration of unemployment benefits and personal savings. Families in these straights can be thrown into escalating crisis by a single triggering event - divorce, the death of a spouse, medical costs. Senior citizens and families with young children are particularly vulnerable in these crises. More and more Oregonians have been faced with the necessity of bankruptcy proceedings in the face of in-surmountable debt without a safety-net.

The theory that certain minimum assets and resources ought to be protected against collection and bankruptcy dates back to colonial days. Originally, exemption laws protected a minimum value in such things as a homestead, horses, guns, and cows. Since then, state and federal exemption laws have historically protected a minimum value in a homestead and in other assets needed to maintain self-sufficiency and employment. Without self-sufficiency, families are forced to rely on the state for support, individuals and children suffer harmful health, nutritional, educational, and psychological ramifications and debtors have no hope of making payment on debts.

Oregon's current bankruptcy exemption laws have three critical gaps that particularly threaten the stability of our most vulnerable citizens.

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- Our current state law does not allow the use of federal bankruptcy exemptions, which are more protective of basic ability to maintain self-sufficiency. The lack of access to federal exemptions under Oregon law, coupled with the federal jurisdictional requirements for bankruptcy filings, means that some Oregonians filing bankruptcy get more protection than others. Oregonians who previously recently lived in other states may file for bankruptcy in Oregon and obtain the protections applicable in their previous jurisdiction. Many other states allow debtors the federal exemptions. The Dash 1 amendment would address this issue.

It is in the best interests of vulnerable Oregonians, creditors, and our communities if we can protect a minimum level of assets required to maintain some basic stability for debtors and their families while they are paying their debts. Increasing the homestead and personal exemptions would allow more debtors to stay in their current homes, and will provide those that are displaced with a more reasonable allowance for future stability.

Thank you for the opportunity to testify this morning, and for your consideration. Sincerely,

Sybil Hebb