



May 3, 2013

House Committee on Consumer Protection & Government Efficiency
900 Court St. NE
Salem, OR 97301

Re: SB 558

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

Thank you for taking the time to carefully review SB 558. Across Oregon, Habitat for Humanity affiliates have built and sold more than 1,200 homes to date—assisting more than 5,000 Oregonians through our self-help, affordable homeownership program.

Habitat for Humanity is a hand up, not a handout program. Each homeowner that we serve contributes hundreds of sweat equity hours helping to build their neighbors' homes and their own, and purchases their home from Habitat with a 0%-interest loan.

Sometimes a homeowner may fall behind on their mortgage payments. At that time, Habitat staff and volunteers reach out to the homeowner in an effort to create a revised payment plan. Occasionally, these measures do not work and a Habitat affiliate may find itself in the unfortunate position of needing to initiate foreclosure proceedings.

In a handful of instances each year, Habitat affiliates pursue formal foreclosure, due to a total lack of responsiveness from the homeowner. Frequently, formal initiation of foreclosure motivates a homeowner in substantive arrears to actively communicate with the affiliate, making it possible to restructure the mortgage. In other situations, after response from the homeowner, the Habitat affiliate purchases the home back for the amount of the principal payments, then rehabs it and sells it to another qualified applicant who has fulfilled all of the program requirements. More rarely, an affiliate may complete foreclosure proceedings and sell the home on the open market, thereby generating revenue to serve additional applicants.

An unintended consequence of SB 1552 passed during the 2012 session is that it makes it mandatory for Habitat affiliates to pursue the same formal and costly mediation process required of larger lenders.

Passing SB 558 will correct this unintended consequence of SB 1552, while maintaining the integrity of this important consumer protection legislation. For further testimony regarding this proposed legislation, please contact me any time at (503) 490-1582. Thank you.

In partnership,

A handwritten signature in blue ink that reads "Shannon M. Tennant".

Shannon M. Tennant, Executive Director

P.O. Box 11452, Portland, Oregon 97211

Phone: (503) 206-5248 Fax: (503) 206-7456 habitatoregon.org