



May 7, 2013

**Written Testimony of the Oregon Mediation Association in Support of SB 558A
Before the House Committee on Consumer Protection
and Government Efficiency**

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

The Oregon Mediation Association, a nonprofit association of over 350 members committed to the development, support and advocacy of mediation and similar alternative dispute resolution processes in the State of Oregon, supports passage of Senate Bill 558A, which strengthens and streamlines Oregon's foreclosure avoidance program.

As mediators, we know the benefits that well-structured mediation and similar resolution processes can bring to parties who otherwise would suffer through lengthy, expensive legal disputes. Oregon's current foreclosure avoidance program already benefits borrowers, lenders, and the larger community in numerous ways, including: 1) creating a system for homeowners to receive competent advice from a certified housing counselor and for the parties to exchange relevant information in a structured way; 2) providing a forum for homeowners to meet face-to-face with the lender's fully-authorized representative (reducing the risk that homeowners may receive conflicting information from the lender's servicing and foreclosure arms); 3) helping parties explore refinancing and similar "workout" options when the homeowner has suffered a financial setback but still may be able to honor loan obligations; and 4) even in cases where the homeowner is financially unable to keep the home, assisting the parties in negotiating a "graceful exit" that protects the homeowner's dignity and saves the lender the expense and uncertainty of protracted foreclosure proceedings and redemption periods.

However, following the Oregon Court of Appeals decision in *Niday v. GMAC*, substantially all foreclosures are now done through Oregon's court system, which bypasses the current mediation requirement. This development, which was unrelated to the merits of the current foreclosure avoidance program, has made the program's current structure less effective than it could be. SB 558A remedies this problem, and preserves and strengthens the existing program in several ways that OMA considers vital to its success, including:

- By requiring a resolution conference for all foreclosures, SB 558A will

extend the program's benefits to all homeowners, save Oregon taxpayers money, and eliminate the current court backlog, improving access to the justice system for the other citizens who need it.

- Compared to existing law, SB 558A simplifies and streamlines the administrative requirements for both banks and homeowners. Less paper, less cost, and less bureaucracy will benefit lenders and borrowers alike.
- Oregon's taxpayers already have paid to recruit and train 142 experienced mediators in foreclosure avoidance facilitation -- many of whom were effectively "mothballed" following the *Niday* decision and the resulting diversion of most foreclosures to judicial processes. SB 558A ensures that this valuable, well-trained human resource is finally able to fully serve Oregon's citizens.

Even with recent improvements in the economy, as many as 1 in 13 mortgages remain delinquent one month or more. That situation is bad both for homeowners and for lenders. Oregon's mediators stand ready, willing and able to help; the Oregon Mediation Association believes SB 558A will empower them to do so.

Thank you very much for your consideration.

Very truly yours,

A handwritten signature in cursive script that reads "Cynthia Moore".

Cynthia Moore
President
Oregon Mediation Association