



Standing up for senior, disabled and low income homeowners in Oregon

Statement of David Raphael, Alliance of Vulnerable Homeowners

in support of HB 2510-1

Before the

House Revenue Committee

Salem, Oregon

May 15, 2013

Chairman Barnhart, Vice-Chairs Berger and Bailey, and members of the Revenue Committee, my name is David Raphael, and I am representing the [Alliance of Vulnerable Homeowners](#), a statewide group of citizens representing many former participants who were removed from Oregon's Senior and Disabled Property Tax Deferral program in 2011. We try to serve as a voice for the more than 7,000 older and vulnerable homeowners who lost their deferral assistance. I appreciate the opportunity to submit these comments.

I am here today to whole-heartedly endorse HB2510-1. The legislation would permanently reinstate many senior homeowners who desperately need the assistance if they are to remain in their homes. Restoring assistance to this group is fully justified, we believe, and, for many, will greatly relieve their fear of losing their homes. We very much appreciate the work of the Committee's leadership and individual members in developing the bill and bringing the measure up for consideration.

Fortunately, according to our analysis and that of the Department of Revenue and LRO staff, the program's revolving fund is healthy once again. We're convinced that the former program participants covered by this bill can be

reactivated without jeopardizing the future self-sufficiency of the revolving fund. In addition, I want to point out that none of the proposed changes would affect any rules regarding new applicants in the future.

HB2510-1 is especially important in addressing the problems of three principal groups of homeowners formerly enrolled in the property tax deferral program;

1. Dual Ineligibles: Low-income homeowners who were removed in 2011 because of their reverse mortgages, and because of the new 5-year residency requirement.
2. Former participants who applied for readmission to the deferral program in 2011, but who were rejected because of the new eligibility rules; and
3. Former participants who were confused or discouraged about the program changes two years ago, and consequently did not respond to the Department of Revenue's re-certification notice.

People in each of these groups have struggled these past two years because of the loss of their deferral assistance, and none of the former program participants were included in the earlier bill this year that grandfathered taxpayers disqualified solely because of their reverse mortgage. The relief contained in HB2510-1 will allow many of these deserving homeowners to apply for readmission to the program.

However, we are concerned that the assistance provided under this bill will not be retroactive, and will only become available next year. For some, that's a long wait. Some former participants have been unable to pay their property taxes since they lost deferral assistance in 2011. This November will mark the third year since these families lost their deferral assistance, and some of those financially hard-pressed families have been unable to pay their property taxes. And while we recognize that HB2510-1 includes provisions to protect these delinquent property owners from foreclosure by their local county, it is not the counties we are worried about.

One of the terms for obtaining a reverse mortgage is the obligation for the homeowners to keep property taxes current. Failure to pay local property taxes is a cause of default under most reverse mortgage agreements, and we have begun to see this year – for the first time – lenders initiating foreclosure proceedings against homeowners who were removed from the tax deferral program because they have fallen behind on their taxes.

Don't get me wrong, this bill provides needed relief for a great many former participants who are very grateful for the opportunity to re-enroll in this critically important program. I just wanted to point out that hardships and challenges still confront some of those beneficiaries.

Conclusion

Mr. Chairman, and members of the Revenue Committee, thank you for allowing us to testify. I would be happy to try to respond to any questions that you may have.