

Staudenmier Trenda

From: Herrera Nick
Sent: Thursday, February 21, 2013 4:23 PM
To: Staudenmier Trenda
Subject: FW: hearing tomorrow on property taxes

-----Original Message-----

From: Shoshana Edwards [<mailto:sedwards1943@comcast.net>]
Sent: Thursday, February 21, 2013 4:22 PM
To: Herrera Nick
Cc: Louis De Sitter
Subject: hearing tomorrow on property taxes

Dear Mr. Herrera:

It is my understanding that there will be a hearing tomorrow at 8 a.m. on the property tax deferral program for seniors and disabled people, regarding the 5 year residency requirement and the reverse mortgage exclusion. I do not have a car, and thus cannot make it to the hearing. I have a vital interest in this matter, and would appreciate it if this letter could be read at the hearing for entry into the record, or in the alternative at least shown to the members of the hearing committee.

I and many hundreds of seniors like me have been excluded from the deferral program because I have a reverse mortgage. The decision to exclude this group of people has a very serious impact on us financially. The reverse mortgage program was originally established by the federal government to help seniors remain in their own homes for as long as possible. The typical holder of a reverse mortgage is: 1. approximately 70+ years of age; 2. living solely on social security, thus needing additional funds to meet the ever increasing costs of medical care and basic living expenses; and 3. generally does not survive the life of the reverse mortgage for more than about 7-8 years.

As you can infer from the above demographics, the people who are being excluded from the deferral program by virtue of having a reverse mortgage are the very people the deferral program was established to assist. We who seek deferral already qualify by virtue of having a low income as required by the program. Using myself as an example: my social security income is \$1270 a month. My property taxes are currently about \$3,000 annually. That is three months' income just to pay the property taxes. My senior and disability counselor here in Washington County tells me she has over three dozen clients on her personal caseload who will lose their homes because of losing the deferral. Reverse mortgage companies can and often do "call the mortgage" (close and require immediate repayment) when taxes are unpaid, even before they are declared delinquent. Three dozen seniors for one caseworker in one county translates to literally thousands of potentially displaced seniors throughout the state -- something I am sure the legislature had not intended.

The residency requirement is also disproportionately targetting a population in need. I am not at all opposed to a state residency requirement. It would prevent people from moving here simply to take advantage of the deferral program. However, the requirement regarding the property in question has a negative impact on those of us who chose to invest our savings in a home designed to meet our needs for this last valuable chapter of our lives. This was certainly the case for me, and is so for many other seniors I know.

I recognize that the State has some legitimate concerns about recouping the property taxes paid for us. The federal laws governing reverse mortgages require that the mortgage company maintain a set aside of about 20% of the appraised value of the home precisely for the purpose of providing the estate with funds to pay off existing liens on the property in addition to the reverse mortgage. Considering the limited life expectancy of the average reverse mortgage holder, the state has a very low risk of non-repayment; and certainly the state can avail itself of the same options for collection from an estate that other interested parties use in recouping liens, judgments, etc

Thank you for taking the time to read this. I urge the members of this committee to take into consideration the vulnerability of the population that has been targeted by these two provisions -- reverse mortgage exclusion and the 5 year residency requirement -- and reverse the decision.

Regards,

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