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**Senate General Government, Consumer and Small Business Protection
Testimony in Support of SB 558
February 27, 2013
Carlos Garcia**

Chair Shields, Vice-Chair George and members of the committee, thank you for the opportunity to present testimony in support of SB 558. For the record, my name is Carlos Garcia I am the Homeownership Support Program Manager with Hacienda CDC.

Hacienda CDC is a Latino Community Development Corporation that strengthens families by providing affordable housing, homeownership support, economic advancement and educational opportunities. Our 381 apartments provide a safe, stable, and affordable home to nearly 2000 individuals who earn just 60% or less of area median income. Hacienda is committed to helping these residents and other families in the Portland metro area access our culturally-specific services to live healthy, productive lives. We coach over 75 aspiring Latino entrepreneurs annually to help them start or improve their businesses, and we provide over 400 at-risk youth with academic support and cultural enrichment. Since 2006, the Homeownership Support Program has formed a central piece of Hacienda's strategy to help families build and protect their assets. Certified housing counselors provide financial education to first-time homebuyers and work with them 1-on-1 during the home buying process. 5 years ago, in response to overwhelming demand, Hacienda began offering free foreclosure prevention counseling to any struggling Oregonian homeowners.

The impact a foreclosure has on a family and on the surrounding community cannot be overstated. We have counseled hundreds of clients who never imagined they would end up on the brink of losing everything they had earned and saved. For far too many of our clients – both for homeowners who could reasonably keep their home, and those for whom an exit strategy would be the best option - the foreclosure process has been and continues to be a bureaucratic nightmare of lost paperwork, endless delays and misinformation from their servicer.

Over the past five years there have been many efforts to provide relief through federal and state run foreclosure avoidance programs. Some have worked better than others but no single program has come close to providing assistance to more than a tiny fraction of the potentially eligible homeowners.

Common stumbling blocks we see as counselors include:

- Program rules that are constantly in flux and/or applied differently based on the particular servicer/investor
- Misinformation on the part of the homeowner or the servicer about program eligibility
- Lost paperwork or missed deadlines
- Wrongful denials
- And lack of accountability and transparency on behalf of the servicer/lender

Here are a couple of examples of how this plays out with too many of our clients:

Late last year, Corby came to Hacienda seeking help with a loan modification. She had recently lost her husband and was not having any success communicating with her servicer on her own. We helped her



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gather all the documentation her servicer requested only to have the case closed for “lack of correspondence from the client”. Our case file includes documentation of the ongoing communication our counselor and Corby had with the servicer. In this particular case we had a sympathetic SPOC (single point of contact) who saw this was obviously a mistake on the servicer’s end and helped to re-open the case. Unfortunately the 2-3 month process that we had just undertaken was for nothing and the client had to start the process from the beginning. Despite our best efforts and timely submission of all required documents on Feb. 13th 2013 Corby received her judicial foreclosure summons. Because this was a judicial and not a non-judicial foreclosure, the very mediation law intended to prevent just such a run-around was not available for this homeowner. SB 558 would change that.

Another homeowner, Dennis was referred to us by a partner agency who told the homeowner we could help with communicating with his servicer, again because he had not had a lot of success on his own. After learning about the newly formed mediation program last summer, this homeowner attempted to opt in under the at-risk borrower provision but was denied by his servicer because “they will only pursue judicial foreclosures”. We continued to work with the client on a modification request but after delays and no real certainty about what would happen, the client decided to file for Ch. 13 Bankruptcy and pursue a short-sale to help bring some closure to his housing situation. In addition to expanding mediation to judicial foreclosure, SB 558 utilizes the expertise of housing counselors to certify that those at-risk borrowers have the opportunity to benefit from mediation, something that wasn’t available for Dennis.

Both of these scenarios are especially frustrating because neither homeowner was ever fully evaluated on the merits of their case for a workout solution – neither was able to get even that far in the process.

Hacienda employs seven foreclosure counselors who see scenarios like these day in and day out. We have assisted 450 homeowners in Multnomah County in the last 5 months alone with either counseling or education, and we are on track to more than double our numbers from last year. Counselors can help homeowners with a wide range of services – from accessing state and federal assistance programs, to navigating the paperwork nightmare of a modification application, even to talking through the tough choices when the best option is to let the home go. Unfortunately the resolution process is not a quick one and can take months or even years – not because of a lack of available foreclosure alternatives, but due to servicer delays, inefficiencies, and errors. And we, as counselors, will be the first to admit that counseling alone sometimes isn’t enough – Oregon homeowners also need the expanded mediation program provided by SB 558 to help ensure that they are fairly evaluated for a reasonable workout solution.

Strengthening Oregon’s foreclosure resolution program is the best hope for getting more Oregonians the relief they qualify for through state and federal foreclosure assistance and getting homeowners timely information and communication about their options for avoiding foreclosure.

Thank you.

