

February 27, 2013

Testimony in Support of Senate Bill 558

Committee on General Government, Consumer and Small Business Protection

Submitted by: Claire Seguin and Emily Reiman, NEDCO

Chair Shields, Vice-Chair George, and Members of the Committee:

On behalf of NEDCO (Neighborhood Economic Development Corporation), we submit this written testimony in support of SB 558. This bill provides crucial improvements to Oregon's foreclosure mediation law, which will help struggling homeowners finally access the much needed benefits of SB 1552.

Founded in 1979, NEDCO serves Lane, Marion and Clackamas Counties, helping low- and moderate-income families achieve financial stability and access greater economic opportunities. As a HUD-approved housing counseling agency, we have provided foreclosure counseling to more than 1500 homeowners. We help homeowners understand their financial situation and the potential workout options available to them, assist with the challenging modification application paperwork, and help them connect to other services and resources.

Five years in, we continue to see the stories that have come to represent this crisis: the recent client denied consideration for a modification due to a 'missing' statement that never existed; the homeowner last week whose servicer simply refused to accept an initial application.

We also see the other side – the affordable modification or the timely short sale that allows a family to begin rebuilding. Outcomes that are as positive for our neighborhoods and our state as for the families who receive them. But far too often, homeowners are prevented from a reasonable alternative to foreclosure by barriers unrelated to their actual eligibility – instead, misinformation, mishandled paperwork, and delays result in denials issued before a case is even considered on its merits. Recently, we have also seen homeowners struggle with the switch to judicial foreclosure, unable to afford an attorney or to navigate the legal system on their own.

SB 558 revises and expands Oregon's foreclosure mediation law in several ways that would help ensure both homeowners and lenders have an opportunity to communicate and consider (in a timely and clear manner) available alternatives before a foreclosure can proceed:

- Requiring a resolution conference prior to both non-judicial or judicial foreclosures;
- Giving adequate time for an exchange of homeowner and lender documents prior to the resolution conference;
- Utilizing the expertise of certified foreclosure counselors to evaluate at-risk borrowers, allowing qualified homeowners access to mediation before a default;
- Giving the Attorney General authority to pursue sanctions for noncompliance.

212 Main Street
Springfield, OR 97477
T (541) 345-7106
F (541) 345-9584

2700 Market Street NE
Suite 110
Salem, OR 97301
T (503) 779-2680
F (503) 779-2682

421 High Street
Suite 110
Oregon City, OR 97045
T (503) 655-8974
F (503) 303-4763

www.nedcocdc.org



At NEDCO, we know that default rates in our communities remain high, and that an even larger number of underwater borrowers remain one financial hardship away from facing foreclosure themselves. Our counselors and clients have been frustrated by the circumstances that have all but halted the current mediation program, and seeing the potential benefits for all parties left unrealized. The changes proposed in SB 558 include the necessary technical fixes and program expansions that will enable homeowners to finally access an efficient system of resolution conferences, avoid foreclosure when possible, and ensure that an unavoidable foreclosure can proceed without delay for either borrower or lender.

Thank you very much for the opportunity to provide testimony in favor of this important bill.