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Testimony in Support of SB 5543
Oregon Housing and Community Services 2013-2015 Budget ReBalance
Joint Committee on Ways and Means Subcommittee on Capital Construction
February 27th, 2015
Submitted by: Sybil Hebb

Co-Chairs Girod and Read, and members of the Subcommittee,

Thank you for the opportunity to submit testimony in support of SB 5543, the Oregon Housing and Community Services Budget Re-balance bill. Specifically, I write to support the request for an additional \$349,000 to ensure uninterrupted access through the end of the biennium to the state's network of non-profit housing counselors for homeowners struggling to avoid foreclosure. Without this allocation, vulnerable homeowners will immediately lose access to critical assistance navigating the foreclosure process.

Foreclosure Assistance is a Critical Resource for Struggling Homeowners. The legislature has worked hard to create meaningful ways to address the foreclosure crisis. In 2012 and 2013, the legislature provided struggling homeowners with the opportunity to sit down with their lenders to negotiate whether there were alternatives to foreclosure. Since its inception, the Oregon Foreclosure Avoidance (OFA) Program has substantially increased the number of homeowners receiving foreclosure avoidance workouts, and decreased the time it takes to finalize each workout.

Despite Signs of Recovery, Foreclosure Rates are Still Well Beyond Normal, and Need has Outstripped the Allocated Resources: Nationally, the FDIC reports that there is still an enormous backlog of delinquent loans: nearly \$58 billion in residential loans are currently in foreclosure, representing only 48% of delinquent loans.

Foreclosure rates in Oregon, while improving, continue to plague our communities. In June of 2014, CoreLogic estimated that 8.4% of Oregon homeowners were underwater, and more than 20,000 Oregonians were at least 90 days delinquent on their mortgage payments. This is approximately 4x the delinquency rates before the crisis.

Housing Counselors are a Crucial Component of the OFA Program. Housing counselors help homeowners navigate complicated paperwork, realistically assess their options, and negotiate for successful outcomes. Before participating in the OFA program, homeowners are required to consult with a counselor. While borrowers may continue to mediation if no counselor is available, without counselors, the process of foreclosure is impossible for most people to navigate, and the opportunity for effective mediation is lost.

The Legislature acted as a whole and through the Emergency Board to ensure that this crucial support has been available to homeowners across the state thus far. We thank you for that action, and ask that you continue to recognize the important impact that this resource has for Oregonians who are still struggling to keep their homes.

It is important to all parties to a foreclosure, and to the courts, that homeowners have access to trained counseling services before and during the foreclosure process. These services are critical to helping our state make its way through the remainder of the foreclosure crisis. For these reasons, we respectfully urge your support of this investment in the 2013-15 rebalance, and in continued funding for the 2015-17 biennium. Thank you for the opportunity to testify.