

**Anyeley Hallová, executive committee United for Relief
Partner, Project ^ (Commercial Real Estate Developer)**

The COVID-19 pandemic and its economic impacts present an extraordinary national crisis that can't be managed by a "business as usual" approach. Thank you for this opportunity to share our perspective on why Oregon needs a Moratorium on Foreclosures and related Enforcement Actions and why it needs to be in effect by July 1.

COVID-19 and its impacts have created a systemic cash flow problem

- Business revenues are insufficient to pay the rent.
- Rent collections are insufficient to pay the mortgage.
- Mortgage revenues are insufficient for lenders to stay solvent.

The **good news** is that as a society we have sufficient resources to provide the credit and investment the whole system needs to solve this cash flow problem.

The **bad news** is that there is a mismatch in timing between the need and the solution: Only the Federal government has the capability to marshal the resources needed and given the current political dynamics it is not clear how long that will take. This situation creates two risk factors for Oregon.

FIRST - Oregon faces the Grave Risk of Long-Term Economic Damage

The COVID-19 disruption is likely to start producing long-term damage by July 1 with a growing and very significant number of property owners defaulting on their mortgages.

- Starting in April, rent collections have been insufficient to pay the mortgage for most Retail, Entertainment, and Travel related properties in Oregon. Rental Housing has fared much better only because of the CARES Act subsidies, which terminate on August 1.
- The standard practices governing most lenders require them to declare a loan in default after 3 months of missed payments. **Real damage to the borrower's ability to keep their property begins with the declaration of default, not at foreclosure.**
- As the volume of loan defaults grows, Lenders are at risk of being declared insolvent. The standard solution is for Lenders to sell off these "non performing loans" to Wall Street funded investors, who's only interest is maximizing profit with no regard for "relationship lending".
- We learned from the Great Recession that relying on standard practices in a national debt crisis produces huge unnecessary long-term damage to entire communities.
- And as the Wall Street Journal has reported, the same interests who profited off that 2008 debt crisis have recently raised Hundreds of Billions of \$ to do it all over again, except this time the victims will not only be homeowners, they will also be the owners of real property and their business tenants.
- It is important to recognize that the individuals and businesses that will be victimized in this process will be disproportionately those with limited access to capital - particularly minority

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and immigrant communities and also small property owners, small businesses and the neighborhoods and towns they deliver services to both in urban and rural communities.

Unfortunately, lender's deferment capabilities, given current regulatory standards, are inadequate to significantly reduce the risk of long-term damage.

- Most lenders are offering a 90-day deferral of only the principal portion of the mortgage payment (typically less than 25% of budgeted rents).
- With average shortfalls in rent collections of about 50% (in Retail for example) a standard deferral only makes a difference to the few property owners with access to sufficient private capital to fill the gap. So the size of the standard deferral most lenders are able to offer is inadequate.
- Since the shortfall in retail rents began on April 1, we can expect to start hitting the end of these standard 90-day deferrals around July 1 (35 days from now). So the time frame of the standard deferrals most lenders are able to offer is also inadequate.

The Second Grave Risk Oregon faces is that of a Failed Recovery

As an organization of small businesses and property owners we have been thinking a lot about what it will take to reopen shuttered businesses, adjust operations for the safety of customers and staff, and then gradually rebuild our economic viability.

Now is when the owners of Oregon's shuttered business are deciding if they can make the investments required to reopen and rebuild, or whether they will shutter for good. It is clear that most will need property owners to invest in their recovery over the next 1 to 3 years by restructuring leases to reduce base rents so that the businesses can invest their cash in reopening and rebuilding. The ability of property owners to invest in their tenant's recovery depends largely on the confidence that they will be protected from loan defaults while the Federal Government decides how to provide long-term support to the whole system.

Clearly, it will take time for the Federal Government to determine the right course of action and implement it. Without a Foreclosure moratorium we don't have that time.

A Moratorium on Foreclosures and related Enforcement Actions is the only way to:

1. Provide a "Bridge" of immediate temporary protection for Oregon property owners and tenants while the Federal government takes the time required to act thoughtfully.
2. Create sufficient certainty and confidence for businesses and their property owners to make the commitments to each other now to enable Oregon's recovery.

This Moratorium requires no governmental subsidy. Thank you again for this opportunity to share our concerns and recommendations.

ATTACHED: Letters from 102 small business and property owners.

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Dear Governor Brown,

We are writing to urge you to issue an executive order this week to stop foreclosures in Oregon.

- 1. It is critical that the moratorium defines a foreclosure as beginning with the declaration of default**, because that is the point at which permanent harm can be inflicted on a property owner.
- 2. It is critical that the moratorium prevents other predatory lending practices**, such as fees, penalties, and lump sum payments, at the end of the period of emergency.
- 3. It is critical to tie relief for property owners to ongoing relief for tenants.** You can do this by updating the existing moratorium on evictions and preventing lump sum payments at the end of the period of emergency.
- 4. It is critical that the moratorium move forward now** -- before default declarations have begun. *National equity funds have raised* record levels of capital to buy up properties that have been labeled as 'troubled assets'.

We are not asking for financial support or a budget line item. **This is fundamentally about creating a safe harbor for Oregon property owners and our tenants, so that we can weather this storm together.** Without this action, the impacts on my own livelihood and on our community as a whole will be profound.

Your Stay Safe/Stay Home-related executive orders were designed to address the liquidity problems facing businesses - the restaurants, hair salons, bookstores, etc. that lease Commercial Real Estate - and the many workers who have been laid off because of COVID-19. Those executive orders provided much needed relief.

The executive orders have also produced a significant shortfall in rents - which translated directly to reduced income for many landlords starting in April. According to recent surveys, 34% of small businesses nationwide report that they won't be able to pay May's rent. 92% of Oregon's small businesses report being impacted by Coronavirus, making it the 6th most impacted small business community in the nation.

These pressures hit communities of color and minority owned businesses especially hard. And for long-term property owners in historic communities of color, the risk of losing their investment is significant. Given histories of discrimination from lenders and landlords, now is the time to ensure a policy approach that protects those most at risk.

For property owners big and small, these shortfalls will create a widespread inability to make mortgage payments early this month. As that occurs, many property owners won't be financially able to provide ongoing support to tenants at the levels needed for both short-term survival and long-term recovery. Many property owners fear being exposed to default by their lenders, and losing their property.

If you wait to see widespread declarations of default, the damage will already be done.

A foreclosure moratorium would push a much needed "pause button" on the economic consequences of COVID-19, enabling business tenants and property owners to plan for recovery with confidence and in collaboration.

Please sign an executive order this week. Thank you for fighting for Oregonians.

Signed,

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|----------------------|----------------------|----------------------|
| 1. Adam Danforth | 23. Debbie Thomas | 45. John Koenig |
| 2. Adam Tucker | 24. Diana Rowley | 46. Johnathan Malsin |
| 3. AJ McCreary | 25. Don Singer | 47. Jon Toorock |
| 4. Alacia Lauer | 26. Dwayne Johnson | 48. Jonathan Malsin |
| 5. Alexander Cooley | 27. E.B. Ferdig | 49. Ken Bryan |
| 6. Andrea Pastor | 28. Elizabeth Nathan | 50. Kevin Adatto |
| 7. Anne DeWolf | 29. Emily Powell | 51. Kat Schon |
| 8. Anton Pardini | 30. Eric Cress | 52. Kate McNulty |
| 9. Anyeley Hallova | 31. Erin Fish | 53. Kathleen Sharp |
| 10. Ashley Csaszar | 32. Gabriel Genauer | 54. Keiran Best |
| 11. Astrid Scholz | 33. James Hall | 55. Keith Wilson |
| 12. Aaron Choate | 34. Jamie North | 56. Kelly McNamara |
| 13. Aura Streett | 35. Jana Gastellum | 57. Kendra Hamerly |
| 14. Bob Logan | 36. Jeanna Woolley | 58. Kevin Cavanaugh |
| 15. Carey Deza | 37. Jeffrey Kovel | 59. Korina Bray |
| 16. Carter MacNichol | 38. Jim Hassert | 60. Kristen Cooper |
| 17. Chanel Gallagher | 39. Jim North | 61. Laura Iler |
| 18. Chip Lazenby | 40. Jim White | 62. Laurie Simpson |
| 19. Chloe Eudaly | 41. Jodi Groteboer | 63. Leigh Drake |
| 20. Chris Nelson | 42. John Allcott | 64. Linda Georges |
| 21. Cristin Hinesley | 43. John Connor | 65. Lisa LaManna |
| 22. David Robinson | 44. John Kelly | 66. Liz Tillbury |

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- 67.Lori Vollmer
68.Marcus Harvey
69.Marie Fisher
70.Mat Ellis
71.Matt Siegel
72.Matthew Brennan
73.Max Brunke
74.Megan Sheer
75.Melissa Heintzman
76.Michael Lopez
77.Monique Hawthorne
78.Nicole Keefe
79.Paul Del Vecchio
80.Pamela Kislak
81.Philip Graham
82.Philip Higgins
83.Richard Vollmer
84.Rick Michaelson
85.Robert Sacks
86.Ryan Schera
87.Sam Purvis
88.Sarah Heinicke
89.Sheareen Redlener
90.Stan Amy
91.Stan Hubert
92.Steve Bloch
93.Sydney Mead
94.Tara Horn
95.Tera Hurst
96. Thomas Cody
97.Thomas Connor
98.Tom Beam
99.Tomasz Beer
100.Torie Nguyen
101.Victoria Burton
102.Will Cervarich

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INDIVIDUAL LETTER ADDITIONS

Aaron Blake, aaron@reworksinc.com

Property Owner

I am the owner of two commercial properties in Portland. As landlord, I rent to small businesses that are directly impacted by the COVID-19 shutdowns where they have experienced a sharp loss of revenue and are not able to meet their rent obligations. As a result, I risk defaulting on loan payments to my mortgage lenders.

I have spoken to my lenders, however, they are not able to offer a substantial and consistent plan for loan payment deferral, citing no guidance from lawmakers and regulatory hurdles. Each bank has offered weak relief terms (such as interest-only payments for up to 90 days) that do not help to alleviate my debt burden given the severity and unknown duration of the situation. We (the commercial landlord community) desperately need the State to issue a moratorium on foreclosures for commercial properties which will provide consistent relief to commercial borrowers. A foreclosure moratorium could pave the way for a temporary loan modification with my lenders, such as full loan payment deferral (interest and principal) for 90+ days without additional interest or fees, with options to extend based on circumstances. This would allow myself as a landlord to pass along the rent deferral relief to my tenants at a critical time.

Jeanna Woolley, jamew2@msn.com

Property Owner

Vanport Square in Portland, Oregon is a commercial condominium project that was developed twelve years ago to provide commercial ownership for minority, women and same-neighborhood owned businesses. I was one of the developers of this project, and our limited liability corporation still owns a couple of the condominium units in this development. We lease these units to other minority businesses at affordable rental rates to ensure that these businesses have an opportunity to stay in NE Portland after years of gentrification that have made the commercial rental market too expensive for many of these businesses.

We waived rents for our tenants for three months even before it became a mandate to do so. We were able to do this because our mortgage lender which happens to be Prosper Portland, also agreed to waive our mortgage payments for three months and lengthen our mortgage by the same amount of time to achieve this purpose. We have been fortunate that we have an economic development lender that is working with us, and other small and minority business owners to mitigate the harm of COVID-19 on our businesses.

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However, we know many small property owners who have not been as fortunate in securing similar consideration from their commercial lenders. Given that we expect this crisis to go on for several more months, we think there needs to be executive action taken to protect all small property owners who are at risk of losing their properties during this period of economic coma. If small property owners are required to provide relief for their small retail and service business tenants who continue to be unable to pay their rents because they are shut-down, then there should be relief for these property owners from their bankers and lenders if they are not able to pay their mortgages as a result of this situation.

Many of our small property owners' livelihood is dependent on their small commercial investment properties. It would be criminal if these small property owners not only lost their livelihood during this crisis, but also lost their properties, which may be the only thing that allows them to climb out of this recession once the economy opens back up for business. We can't allow large lenders and investors to gobble up these small property owners' hard-earned wealth during this economic pandemic, as happened with home owners in the recession of 2008.

We urge you to take executive action to provide a reasonable period of foreclosure protection to these small property owners during these trying times, so they don't lose everything they before this economic pandemic has ended. We all need to work together to come out stronger on the other end of this crisis. The big economic players should not be the only stakeholders that end up whole once we come out of this economic devastation. Thank you for your consideration.

Carter MacNichol, carter@sojpdx.com

Property Owner

We have been working with two restaurants and a hair salon at the Belmont Dairy on a plan for dealing with the shutdowns related to Governors Stay at Home Orders. We are not collecting rent, utilities or property taxes. We are not charging late fees. To me, a major issue is that simply deferring these costs for these small businesses will make it difficult or maybe impossible for them reopen when things improve. Restaurants will be slow to open and get back to revenues that supported the rents. So, we are likely to forgive rather than defer these rents. but that will impact our required reserves, our cash flow to maintain the property and the ability to make principal and interest payments. Any meaningful action by the Governor would be helpful and appreciated.

Tomasz Beer, tomandanj@gmail.com

Property Owner

We have been fortunate to have our bank allow us a 90-day loan forbearance. And we will be able to make payments on our mortgage once it starts back up, at least for a number of months. However, loans include covenants that require a certain level of income from the property relative to the debt payment. Ours requires that our income be 1.2 times our debt service. We will not achieve that. And

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even as we continue to pay our debt, we will be in default on our loan. We are hoping the bank will be understanding, but at the end of the day, they have a right to foreclose even if we make all our payments. We need protection from that. We will get through this crisis, but can't be expected to maintain our income level with struggling tenants.

Kendra Hamerly, kendra.hamerly@greensavers.com

Property & Business Owner

My husband and I operate a small business GreenSavers, employing 35 hard working Oregonians. We have small offices in Bend and Portland. We help homeowners save energy on their utility bills each month by making smart energy saving upgrades such as: upgrading to a ductless mini-split heat pump, adding insulation and installing new energy efficient windows. Both of our offices have experienced loss of business and revenue due to the COVID-19 pandemic. Homeowners are more reluctant to spend money on these improvements if they have been laid off, or are in fear of what the future holds. We have been forced to lay off some of our staff and reduce hours for those we can keep employed, for now. We are taking this situation day by day and hope that we can survive, but if our numbers of new customers continue to decline as they have these past 2 months, we will be in danger of not being able to pay our mortgage on our two buildings (Bend & 82nd Ave in Portland.)

Gabriel Genauer, gabe@groundswelldevelopment.com

Property Owner, Business Owner

I am one of the owners of The Society Hotel in Portland, OR. In 2015 we completed an award-winning historic renovation of a building built in 1881 in the Oldtown/Chinatown neighborhood of downtown Portland. We opened our doors in November of 2015 and I remember the night before we opened thinking that would be the last night our building would ever be vacant again. I never imagined we'd be shut down less than 5 years later due to a pandemic. Our business has ground to a halt and government sanctions and public health concerns have taken away our ability to earn any revenue. We own both the building and the business but carry an enormous amount of debt. We have never missed a mortgage payment until now but are currently at the mercy of our lender and the government to survive.

The hotel industry may be the hardest hit of any industry in Oregon right now. Our property is especially vulnerable because we offer affordable bunk beds and private rooms with shared baths. This concept has proven to be quite popular in the past but will be especially challenged in the post-Covid world. It is likely that our property will not be able to become profitable again until 2022. Until people feel safe inhabiting shared spaces with strangers, our business will be devastated. However, we believe that the long-term prospects for our property and business are still positive. We just need a lifeline...a way to survive until there is a vaccine and treatments available to the public.

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We urge you to consider the precarious position of the hotel industry and especially small operators with non-traditional shared spaces like The Society Hotel. We have made a tremendous positive impact in our neighborhood and community and preserved one of Portland's oldest and most treasured architectural properties. If the government could work with us and our lender to bridge the gap between the current crisis and a time when business can resume in the future, it would be in the long term best interests of our community. We are not hoping to make any profit in the next year or two, we are just hoping to survive until the health crisis is over.

Please consider passing legislation that prevents lenders from foreclosing on businesses that have been devastated by Covid-19. Please also consider providing funding mechanisms to provide relief to the hospitality industry that has been especially hard hit during this pandemic. If not, predatory equity funds and wealthy investors are poised to swoop in and buy our building and buildings like it for pennies on the dollar in an opportunistic real estate grab the likes of which we have never seen. The hard work of thousands of Oregonians who dared to make their dreams come true and improve their communities will be destroyed in a matter of months due to an unthinkable catastrophe that nobody saw coming and that nobody had a plan for.

Anton Pardini, apardini1@comcast.net

Property Owner

I write to follow-up on the below email, which relates to COVID-19's impact on commercial property owners, whom, as predicted, are now bearing an inequitable burden of the financial impact of the pandemic as tenants pay no or less rent and as many lenders are not providing any mortgage relief.

I own a small office property and am a co-owner of a 64-unit multifamily property. The latter property is the focus of the below email. As anticipated, some tenants at both properties are now paying no or reduced rent. And more concerning, just this week four tenants at the multifamily property notified us that they will be leaving their apartments due to COVID-19 layoffs and related financial set-backs. This despite the fact that we have reduced rents and are otherwise trying to accommodate tenants. In these times, the last thing that our community needs is for people to be leaving safe and secure apartment homes. Every Oregonian now more than ever needs safe, clean and well-maintained housing. With this said, as the owners of the properties, we cannot "waive" or postpone all rent payments, because we must still bear the costs of mortgages, property taxes, management fees, cleaners and other operating expenses. In this regard, on March 17, I first requested my lender to proactively develop debt relief programs to accommodate owners who would be impacted by rent defaults. Among other things, I suggested that the lender could allow its borrowers to pay interest only on mortgages once their rental receipts were impacted by COVID-19. Since my March 17 request, I have asked the lender multiple times if it has framed any loan modification plans. It has not given me any guidance in this regard and still requires 100% payment of the mortgage principal and interest.

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I, along with many property owners that I know, appreciate that safe, clean and well managed apartment homes are a key component to securing the personal safety and health of many Oregonians. We want to do what we can to maintain such housing. However, with existing and anticipated declines in rental income, many of us will not have the financial wherewithal to maintain the properties and pay our overhead, including taxes and mortgages. For this reason, I strongly urge the Governor to implement an Executive Order that would place a moratorium on mortgage payments and prohibit foreclosure actions. In our case, this does not mean that we would not make any payments to lenders; rather, it would give us the flexibility to work with our lenders to structure debt payments based upon actual cash flows at our properties.

Erin Fish, erin@gowanderwell.com

Business Owner

We have asked our lender about deferring mortgage payments and have been told that the lender can only defer principal (not interest) payments, can only offer a short window of relief in the amount of 90 days. During these extenuating circumstances, a moratorium on foreclosures would enable property owners and renters to better weather the economic consequences of this COVID-19 crisis, and in turn, allow Oregon to move forward with more opportunities for social equity.

Paul Del Vecchio, paul@ethosdevelopmentllc.com

Property Owner

I develop apartment buildings and small retail projects in the Portland and South Puget Sound areas, we have approximately 1,000 residential units in our pipeline and 4 operating properties under management. We have received notices from several commercial tenants that either can't pay rent now or are forecasting that they may not be able to pay in the future, in at least one case, after their PPP loan is exhausted. We have experienced residential tenants moving out due to inability to pay rent.

We have discussed this situation with commercial lenders with mixed results, unfortunately with generally lackluster outcomes. Why would the lenders do anything other than expect their borrowers to live up to the letter of agreements? It was expected that landlords would do the same, and the government intervened...

To expect property owners to absorb the entirety of the costs associated with missed rent creates an impossible situation that could plausibly lead to a free-fall in property values. If the financial ramifications of COVID are serious enough to stall rent payments, they are surely serious enough to stall foreclosures. As it stands today, the policy is to pass the pain from one set of local business owners to another, that surely can't be the intent of our elected officials.

I implore you to impose a moratorium on foreclosures that extends twice the duration of the rent relief period.

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Thank you for your consideration.

Chip Lazenby, chiplazenby@comcast.net

This sort of relief is available to homeowners. We all need to row in the same direction to recover from this mess.

Bob Logan, logan.r@comcast.net

Business Owner

This is a reasonable and responsible request that will allow for reasonableness to prevail. Please institute this moratorium. Thanks you!

Thomas Connor, youusedtobebetter@gmail.com

Business Owner

The only way I can expect to keep access to my business is if my landlord can afford to let me. If my landlord loses his property I will lose my business and potentially all of the physical assets in it. A bank is not going to offer me a better deal on my rent than my landlord. If I have to shut my business down for public safety I am happy to do it. But Lenders need to sacrifice right now too or there is going to be a lot more pain than there needs to be. Be brave, it's the right thing to do.

Ashley Csaszar, ashley@fmcpropertiesinc.com

Rent income has been reduced by more than 50% in April as well as May. We are not sure what June will look like at this point. We have offered a 50% rent reduction in order to keep our current tenants. Our lender offered deferral for principal only and not the interest. After the 90 deferral we will have to make a decision as to what our next steps are for securing funds. We did not receive a EIDL to help cover the cost difference.

Andrea Pastor, roaster@cellardoorcoffee.com

Business Owner

Our landlord has been incredibly gracious by waiving half our rent in April and May. I believe this is because he values the 12 year long relationship we've established as steady and reliable tenants, and he recognizes that this crisis is beyond our control. We support the governor taking the necessary

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steps to protect public health, but we ask that those steps also ensure the possibility for continued operations for our businesses AND the properties that house them.

Marie Fisher, marie@startorialpdx.com

Business Owner

I am the sole proprietor of a retail clothing store that has been closed since mid-March. I have no other source of income. I'm still paying rent and overhead (including utilities) on a storefront in which I can't operate. In March, my income dropped by 70%, in April by 95%, and in May I'm anticipating 95%. Even if we are able to open back up in June, all signs point to consumer spending on non-essentials remaining low. I have 15 months left on my lease.

Kate McNulty, katemcnulty@cswo@gmail.com

Property Owner, Business Owner

My business has dropped by about 80%. I have some cash reserves but not enough to last indefinitely. I know I'm not alone in this. Nobody seems to know where to get ANY form of financial relief yet. If ever.

Tom Beam, pastapiatti@gmail.com

Business Owner

It doesn't seem lawful to close the business and not give it it rent protections or mortgage protections. Why is small business being asked to pay for financing the Carona Virus?

Kelly McNamara, kellymcnamara55@hotmail.com

Business manager

I'm the Specialties Manager for a large food co-op. I purchase products from many local producers. Everything from coffee and wine to bread. They all have brick and mortar shops which have been greatly impacted by Covid19.

They're struggling to survive. Anything we can do to improve their situation we should. The future depends on what we do now.

Thank you

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john koenig, john@waterclosetmedia.com

Property Owner, Business Owner

I own two retail buildings in NE Portland that house 2 retail stores that I also own. The bank, Umpqua, has allowed for 3 months deferred mortgage payment and at this point we are half way to that point. With no income from my store fronts I need more time to get back on our feet. The bank is overwhelmed.. IF they are conducting business in the state of Oregon they should be leveraged to defer mortgage and loans for 90 days following the lifting of ban allowing us to operate with customers on premise in the shops. With social distancing and generally unease about conducting commerce, customer confidence will be slow to rebound and we all need more time.

Elizabeth Nathan, elizabeth@ebandbean.com

Business Owner

I am the owner of three normally bustling organic frozen yogurt shops in Portland. Our last day of service was March 15. My revenue for April was was 1/7 of what we would have generated if able to be operational. I project something similar thru the end of August.

Kevin Cavanaugh, Kevin@guerrilladev.co

Property Owner

I am a small local real estate developer and property manager. My company, Guerrilla Development, is a decade old and has 21 projects either on the boards, in for permits, under construction, or complete and operational. The projects range from medium-sized office buildings (though large for me) like the Fair-Haired Dumbbell on NE MLK and Burnside, to small micro-restaurant incubators like The Zipper, to homeless-housing solutions like the neighborhood infill Jolene's First Cousin.

2 of my 12 in-operation properties have \$0 rent, as they are restaurant clusters that share common amenities. They are perfect for Portland, yet the worst possible program for a pandemic - cheek-to-jowl high social capital experiments with wonderful food and drink. The other 10 properties are bringing in roughly 50% of their standard income. There is no profit of course, which is fine. But more often than not there is not enough income to pay the mortgage.

One of my lenders, a local life insurance company, is not being very flexible. The building is \$5,000 per month under water and I'll soon be in default of my loan agreement.

Another lender has me most worried. I have just finished my Tree Farm office building. I have signed leases for 28% of the building but I've lost momentum for signing new tenants. The current tenants are not paying rent. My construction lender, a NY-based private equity lender, is being very unkind. Tomorrow I have a conference call with them and they will likely begin the default and foreclosure

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process. (They have threatened as much.) Their loan term is up and the full \$9.0M is due this month. I am working desperately to find a new, kinder, lender.

The building is worth \$18.0M but this means little, as I cannot sell it. And lenders have circled their wagons and pulled the drawstrings on their cash. A NY-based hard-money lender is adept at taking buildings back. I likely have little time to find a resolution.

An order from the governor, essentially hits the 'pause' button on foreclosures and the fees attached to them, would allow the lending community to slowly come back to the market. This would even out the supply and demand equation and would keep predatory practices at bay. Without this help, this order, I will likely lose everything in a massive avalanche of sell-demands, all stemming from this one predatory lender.

Sam Purvis, sam@goodwith.us

Business Owner

Governor Brown,

We run a Portland, OR based coffee company (4 cafes and a coffee roastery) - historically employing 40 - 45 people who are best in class in their craft of specialty coffee & using coffee to create delight for others. We've continued to invest in Oregon's economy. We are under construction on a headquarters project in Downtown Troutdale and also slated to open a cafe at the PDX Airport next year.

We have always been picky about choosing our landlords wisely and I am proud to say that the landlords we pay rent to on a monthly basis take a community based approach to development and support of small businesses like ours.

Landlords NEED safe harbor right now tied to tenant relief to allow for the us all to figure out how to survive this together... without our landlords getting replaced by National funds ready to pounce on Portland foreclosures.

Please act quickly to provide relief.

Rick Michaelson, Rick@icppdx.com

Property Owner

Due to the pandemic and the required business closures, the rental income we are receiving is about half of the amount due under the leases. Since our expenses and mortgage payments are 75-80% of our income we are rapidly getting to the point where we can not make our mortgage payments, much less taxes and insurance.

United for Relief Committee

Anyeley Hallová, anyeley@projectpdx.com
Chris Nelson, cnelson@capstone-partners.com
Stan Amy, stana@newvillages.com

Caitlin Baggott Davis, caitlin@northstarcivic.org
Eric Cress, eric@udplp.com

We are not large landlords with deep reserve. Rather we are a local company which has worked for the last forty years redeveloping historic buildings and revitalizing neighborhoods and are hosts to about 100 tenants. Now we are at real risk of losing everything..

Adam Tucker, atucker@ethossearch.com

Property Owner, Business Owner

Dear Governor Brown,

I have a small staffing business that employs freelancers and 1099 contractors. Under the CARES act I am eligible for \$0 in PPP loans. Lenders are only calculating W2 payroll which I don't provide. I take member draws as income and need to pay all of the business expenses prior to that which is not covered by CARES. Company revenue has been reduced to \$0. I submitted an application for unemployment insurance the other day, but up until recently I was not eligible. I am not counting on any assistance from the employment department given how overwhelmed they all already are.

I have one rental property and was allowed to defer my mortgage payment for 90 days, the income from that single property is how I have been getting by. However, the entire amount that was deferred will be due at the end of July. I am hoping that I can get some kind of relief by then to pay the mortgage company the past due amount by then.

Thank you.

Will Cervarich, will@betsyandiya.com

Business Owner

Dear Gov. Brown,

I'm a business owner. We've been in business for 12 years and always paid rent on time and in full. Our revenue is down around 75% due to COVID-19. We have been in contact with our landlord, who was kind enough to defer much of April rent. I can't imagine this generosity will continue uninterrupted without governmental policies that support his and our interests.

It seems inefficient and inequitable that all landlords and tenants should be forced into unique one-on-one negotiations when we're all dealing with the same pressures if our business has been impacted by COVID-19. If this isn't a time that government should be stepping up and stepping in, there's no place for government to step up.

I hope you'll use the power of your office to help ease the pressures all commercial landlords and tenants affected by COVID-19 are experiencing in Oregon.

Sincerely,

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Caitlin Baggott Davis, caitlin@northstarcivic.org

Eric Cress, eric@udplp.com

Will Cervarich, co-owner, betsy & iya

Richard & Lori Vollmer, richard@gardenfever.com

Business Owner

As tenants, we see the need for a solution that addresses our need for relief and the similar needs of property owners, who in many cases are not corporate behemoths, but people like us with mortgages and who want to survive this pandemic with hope for then future. By working together we have a chance to relaunch our businesses successfully. The prevalent, every man for himself mindset, only guarantees the dominance of the oligarchs, who plan to pick our bones clean and end small business as we have known it.

As tenants and landlords working together, we can achieve a better outcome. Someone told us a few years ago that we were stronger together. We should have listened to her. I have faith that if my landlord and I choose to work together, rather than as adversaries, we will both be able to continue to prosper and continue to support our community. Local small businesses and local landlords are a vital part of the support needed by non-profits, schools and other community organizations. Who will offer this support if we do not survive?

David Robinson, david@davidjamesrobinson.com

Property Owner, Business Owner

(1) My tenants both lost their jobs due to COVID-19. They did not pay rent in March, April, or May. That means the rental unit is in the red. I am using my income and savings to support the property (ie support the tenants). My income is down to 20% of what it was in March. I have yet to be approved for unemployment. I was denied a PPP loan for the rental business.

(2) I have not asked for a mortgage deferral because unlike most of America, I have three months in savings for both my business and for the rental business. I save money in order to survive events like this -- it doesn't mean that it's fair.

(3) I am working with my tenants and as yet they haven't weaponized the tenant protection laws enacted during COVID 19. The problem is that when they return to work, they aren't going to return to work at 2 or 3 times their income. They are going to be making the same amount of money they made prior to COVID 19. They will never be able to pay back the rent that they owe.

Victoria Burton, victoriaswink@hotmail.com

Property Owner, Business Owner

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I am retired and my husband is unemployed. Our COBRA Health Care Premium is \$1,375 per month. We have a Commercial rental (live & work) and our Primary resident is duplex, we rent out 1 unit. Money received from the rentals are needed to pay the mortgages.

In March, the Commercial Tenant asked for \$700 reduction in rent until "possibly" Aug, which will not pay the mortgage on that property. Additionally, the tenants do not want to repay the loss rent of \$2,100 for May, June and July.

I contacted both lenders, Flagstar (lender for the commercial property) they only offered a "FORBEARANCE" but would not give a "Deferment", which would ADD the missed payments on the back end of the loan. Essentially extending the pay off date.

AmeriHome, (lender of the duplex) also only offered a "FORBEARANCE" and would not give a "DEFERMENT" Both lenders stated at the end of the Forbearance the ENTIRE back payments will be due in full. Or you MAY qualify for A Repayment Program, which will make your payments higher. We will not be able to make higher payments.

The only way I can make HIGHER payments is if the tenants make higher payments, which is unlikely. The City or a Governmental Entity has extended Commercial Tenant's REPAYMENT UNTIL OCTOBER.

Additionally, the landlords are still responsible for minor or major repairs, while not receiving rent. Also the majority of mortgage payments include property taxes. That are paid the preceding year, which means City revenue will also take a bigger hit.

It is my opinion that our City, County, State and Washington DC Leaders. Know if renters are not able to pay rent. Then small owners like us will loose our property. Further, homeowners have been financially impacted by COVID19 the same as renters.

Further, the Lender's Forbearance coincide with Oregon's timelines, which leads me to believe at some level there has been some form of communication. Between our politicians and Lenders. It appears the smaller commercial owners such as myself and home owners are being INTENTIONALLY IGNORED. That will force us to sell our property less than what it's worth. Or risk the possibility of FORECLOSURE.

Kevin Adatto, kadatto@capitalpacific.com

Property Owner, Business Owner

With businesses being closed, the investment sales market has been on hold. When they will re-open, at what rent and who will make it creates so much uncertainty that investors cannot determine operating income. This has had a huge impact to our business. In addition the State has almost encouraged tenants not to pay rent and protected them, while landlords have debt service requirements. While many landlords want to work with tenants, they cannot be the "easy" button for relief, there are other methods that should and need to be explored first.

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Don Singer, donsinger@outlook.com
Property Owner

"We have several retail buildings and over 80% of our tenants are not paying rent, and the income is not sufficient to cover the mortgage, let alone other expenses that must be paid such as real property taxes and insurance.

We have reached out to our lenders, but our loan has been securitized in the CMBS (Commercial Mortgage Backed Securities) market, and it is one of many loans in a securitized pool. This is very common in the commercial loan market and I am sure many other owners are in the same boat.

The pool of loans is serviced by a Master Servicer, in our case Wells Fargo. We reached out to Wells, asking for forbearance of three months of payments and in return adding three months to the loan term. No go...if we wanted any relief, the loan had to be transferred to a group known as Special Servicing - and, Special Servicing would require env. reports, etc...and fees...the cost to just have them look at this was \$10,000 with a maximum, once done, of \$50,000...not really something that would help when the mortgage payment is \$10,000/mo and you are asking for only 3 months of relief.

What is most frustrating is the political prostrating to tenants and no idea of the consequences to the landlords or anyone else downstream.

Max Brunke, mbrunke@gmail.com

Property Owner, Business Owner

My partner's and I bought a 4-plex in SE Portland last year. Each of our 4 units are 2-bedroom units. All are "affordable." Our rent collections were considerably lower in April than in March. The next few months are not looking any better. 100% of our tenants are in service industries and have lost income as a result of the Covid-19 crisis. To avoid vacancies we have offered some reductions in rents and eliminated late fees. We are spending down some of our reserves during this crisis but we cannot do this forever and the future is very uncertain.

Laurie Simpson, laurie@connectarchitecture.us

Property Owner

I am one of five owners of a small commercial building - we were able refinance our loan, and Consolidated Federal Credit Union gave us two months (April and May) without payment so we passed that along to our tenants, who operate a restaurant and bakery as well as an internet tenant. Since we feel very strongly in supporting our fellow small businesses, we are also offering a third free month, that we will tack on to the end of the lease. We are not developers, just small business owners that decided to design and build a small commercial building on the vacant lot next to the building that our

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businesses are located in (since 2006) - in an effort to improve the commercial viability of N Williams Avenue, an area that has been marginalized for decades. We did not make money on this building, since we spent extra to add nice amenities and quality materials (we are architects). Our margins are very tight - none of us have deep pockets, and we are all feeling the effects of the coronavirus on our small businesses. Any additional missed months of rent would be extremely difficult for us to cover. We are very stretched economically.

Jim White, jwhite@nonprofitoregon.org

Business Owner (Non Profit)

Nonprofits in particular need this. Please help us!

Liz Tillbury, liz@tfn-ire.com

Property Owner

I am writing concerning the impact of Covid-19 on the owners of multi-family properties. Many of these are small, local owners who are not well capitalized and will struggle to make their mortgage payments as revenues continue to decline. I own an interest in a 16-unit apartment in NW Portland and a 30-unit in SW Portland. Our residents are largely service workers who were laid off and small business owners struggling to stay afloat. We have offered payment plans, waived late fees and tried to find creative ways to help them through this terrible period.

Our operating costs (property taxes, insurance, utilities, ongoing maintenance, etc.) are fixed, even as our income is down. We want to continue to provide clean, safe and affordable housing, and maintain our properties as we always have, but our ability to do so is limited by our lenders' willingness to work with us. It is the rare owner who has no debt on the property and we are all accountable to our lenders. For this reason, I strongly urge the Governor to implement an Executive Order placing a moratorium on mortgage payments and prohibiting foreclosure actions. In our case, this wouldn't mean that we suspend payments to our lenders, unless collected income seriously further deteriorates. However, it would give us the flexibility to work with our lenders to structure debt payments based on actual cash flows at our properties. The more flexibility we have, the more flexibility we in turn can offer our residents.

Ken Bryan, ken@deependtheater.com

Business Owner

We are a small, for-profit, Improv theater at 211 SE 11th Ave. in Portland, OR. We had to close our theater, cancel all of our classes and shows at the beginning of March due to the Pandemic. We have

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had to refund money to all of the people who had already purchased tickets or registered for classes. We also had two rentals that had to be cancelled and deposits returned.

We now have absolutely no income coming into our business and still have continuing costs (utilities, taxes, liquor license renewal fees, insurance, etc.). We have applied for all loans and grants available through the SBA and CARES ACT. However, due to our status as a for-profit business, and the fact that we don't currently have employees yet, we have been denied on all of our applications. We are only 3 years old. Most of the money we have made, we have been reinvesting back into the business to grow it. My partner (we are an LLC Partnership) has taken irregular draws for her income. Now, even she cannot qualify for unemployment help.

We have been lucky in that our landlord has been kind enough to grant us a 90 day abatement on our lease. That abatement goes through the end of June. Realistically though, it does not look like we will be able to reopen by then. Even if we do, we are so small (the theater is only 1,000 square ft. and seats about 40 tops), the social distancing requirements will make it impossible for us to not lose money on our shows and classes. This will cause us to keep going further into debt.

We are now faced with the painful decision to close our doors permanently if we cannot get any further financial help. Up until now, businesses like ours have been left out of the equation.

We hope you will find a way to open up financial help to us. A freeze on lease payments until we can open and low interest loans and/or grants for those businesses that don't have employees would make all the difference.

Thank you for all you are doing to help all of us Oregonians navigate this crisis.

Ken Bryan, Co-Owner / Executive Director Deep End Theater

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Support for Right to Defer Policy

Tyler Bump, Ian Carlton, Lorelei Juntunen, John Tapogna, and Mike Wilkerson

The authors are all staff at ECONorthwest. The views expressed here are their own.

The commercial real estate market involves many stakeholders (renters, property owners, developers, lenders, investors). When market conditions are favorable and stable, that ecosystem incents each of those stakeholders to enter into contractual relationships and accept risk based on an expected range of variation in household income, unit vacancy, market return, rental income, operating costs, and other variables. For those involved in development, those same market conditions incent the production of new market-demanded real estate products. In order for the market to deliver more property, developers finance nearly all stages of the real estate cycle, from development to operating a stabilized property. Financing (debt) also provides opportunities for institutions like retirement funds and insurance companies to directly invest in real estate, making PERS and pension holders among the key stakeholders in this complex ecosystem.

The foundation of this system is the monthly rent tenants pay. When many renters simultaneously fail to pay their rent, every participant in the real estate ecosystem is affected, in ways that can dramatically affect our national economy. In the global financial crisis of 2007-08, we saw a death spiral that began with non-payment of mortgages, and led to never-before-seen rates of short sales and foreclosures that had lasting effects that for many households still have not been remedied. We began to see COVID-induced under- or non-payment of rent in April, and expect an acceleration of that trend in May.

The State of Oregon has already taken important steps to prevent this chain of events from escalating through the entire commercial real estate sector of our economy. The eviction moratorium for residential and retail tenants gave compassionate and smart relief for Oregon's small businesses and renters, and also bought time for state and local governments to chart a more comprehensive course toward addressing economic development and affordable housing recovery needs to support those most directly affected by COVID-induced job losses.

A similar crisis-management action is needed for property owners. Unabated, non-payment of rent will lead to associated defaults, which will threaten to destabilize the commercial real estate and lending markets, accelerate the consolidation of property ownership, and deepen the state's housing shortage. Unlike residential mortgages, commercial defaults generally do not include a right to cure provision. If owners are not able to defer their payments, it could lead to a chain of events where the market unwinds completely, eliminating liquidity, and making the financing of future projects nearly impossible for a number of years until rents rise sufficiently to offset higher rates of return requirements.

Oregon went into this economic crisis with the availability of affordable housing as a top policy concern and most of its more urban markets under supplied for housing. The COVID shut- down is already slowing new construction starts; commercial property defaults threaten to upend the

market and bring new construction to a halt altogether. The consequences could take a decade to overcome, for the individuals affected and for the market as a whole, with particularly difficult consequences for those interested in advancing a long-term goal of housing affordability.

The Right to Defer policy is not a solution to these larger challenges, but it is a helpful first step to avoid further economic disintegration. A more comprehensive solution must ultimately focus on supporting the foundation of this system: small businesses and other commercial and residential tenants. Increased rent support, investments in affordable housing, and sustained and coordinated economic development activities that enable small business re-start activities will all be key to economic recovery. Like the eviction moratorium, the Right to Defer policy is a necessary stop-gap measure to slow the spread of this crisis into the commercial real estate market, to buy time to develop and implement a more comprehensive solution, and to thoughtfully position for speedy recovery.

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