

LC 85 (6/19/20) STAFF MEASURE SUMMARY

Joint Interim Committee on the First Special Session of 2020

Prepared By: James Leyba, LPRO Analyst

WHAT THE MEASURE DOES:

Makes legislative findings and declarations regarding potential impact to state contracts. Defines “borrower,” “emergency period,” “financing agreement,” “foreclosure avoidance measure,” “forfeiture remedy,” “lender,” “subject property,” “trust deed,” and “trustee.” Prohibits a lender from treating a borrower’s failure to make loan payment as a declaration of default or imposing specified fees. Prohibits and restricts other specified foreclosure procedures. Repeals foreclosure protections 90 days after expiration of emergency period as defined in measure.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

BACKGROUND:

According to Oregon Housing and Community Services (OHCS), prior to the COVID-19 pandemic, 27 percent of Oregon renter households were severely housing cost burdened, meaning that they spent more than half their income on rent. As a result of the pandemic, tenants impacted financially due to unemployment and lost wages have either missed rent payments or leveraged economic impact payments, savings, and unemployment benefits to meet rent demands. OHCS surveyed affordable housing providers across the state in May 2020 and estimates that 11.6 percent of rent payments were not made in that month.

The federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) allows eligible homeowners who suffer a financial hardship due to COVID-19 to enter forbearance and temporarily suspend or reduce their mortgage payments. It is estimated that four million homeowners have already applied for mortgage forbearance. According to the National Conference of State Legislatures, nearly a dozen states have introduced consumer protection legislation to provide temporary relief from evictions and foreclosures of residential and commercial properties during COVID-19; several other states have provided similar protection through executive or judicial order.

LC 85 restricts lenders from actions against borrowers due to late or nonpayment of mortgage during the Governor’s declared emergency period.