



DEVELOPING THRIVING COMMUNITIES

June 23, 2020

Joint Committee on the First Special Session of 2020
900 Court Street NE
Salem, Oregon 97301

Co-Chairs and Members of the Committee:

My name is Karen Saxe and I work for DevNW, an affordable housing and counseling agency serving Lane, Linn, Benton, Lincoln, Marion and Clackamas Counties. I am writing to you today to urge you to enact a foreclosure moratorium and require mortgage servicer actions at the end of a forbearance period to protect and support struggling homeowners across Oregon.

We know homeowners are struggling, they are making the hard choice to pay their mortgage or put food on the table. We've heard from homeowners they are putting mortgage payments on their credit cards, all with the desire to not fall behind. Homeowners and housing counselors are struggling to reach mortgage servicers, and when we do, we often receive conflicting information with no clear direction.

The federal foreclosure moratorium includes loans backed by FHA, Fannie Mae and Freddie Mac, encompassing around 70% of all mortgages. Those homeowners, plus the other 30% who have private or portfolioed loans who were never included in the federal CARES Act, will be without protections in 7 days. With no new agreement in sight, federal action has failed Oregonians. We need your action now to create baseline protections that include:

- 1) Enacting a foreclosure moratorium for 90-days and allowing for homeowners to request assistance at any time during the emergency.
- 2) Allowing for a sustainable transition out of a forbearance period with the right for homeowners to roll any missed payments and interest to the end of the loan term, without requiring complex documentation and processes.

These actions provide flexibility for credit unions and community banks to reach workout options with their clients while also protecting against the bad actors, particularly out-of-state banks and non-bank servicers.

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LC 85 provides basic protection, offered to all homeowners. It does not infringe on the constitutional rights of lenders; it simply moves deferred payments to the end of the loan as a balloon payment. Now is the time to act to prevent another devastating foreclosure crisis. Now is the time to protect struggling homeowners. LC 85 is the way to do that.

We urge your action to support homeowners throughout Oregon during this pandemic and economic crisis by passing LC 85. Thank you for your time and for all of your work on behalf of Oregonians.

Sincerely,

A handwritten signature in black ink, appearing to read "KS", with a stylized flourish at the end.

Karen Saxe
Director of Financial Wellbeing
DevNW

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