Dear Gov. Brown, President Courtney, Speaker Kotek, Senate Minority Leader Girod, & House Minority Leader Drazan

We, the Stop the Debt Trap Alliance, write to you to urge you, either through immediate executive action or during the upcoming special legislative session, to implement consumer protections to protect Oregon's most financially vulnerable. It is more important than ever for Oregon to act swiftly. Currently Congress is not expected to pass another stimulus package until after July 4th, 2020. With federal mandates expiring it is more urgent than ever that Oregon close the policy gap to protect Oregonians from evictions, foreclosures, and accruing unnecessary interest, fines, and fees.

Our State aspires to be a place where everyone enjoys full and equal opportunity and where we advocate for policies that give Oregonians the tools they need to reach their full potential. However, with businesses shuttered, and over 400,000 unemployment claims filed since March 15, it is hard to overstate the financial instability and hardship the crisis has produced. If history serves as a guide, the economic crisis caused by the COVID-19 pandemic will have disproportionate impacts on those who are already economically vulnerable, particularly Black, Indigenous and People of Color. Both people of color and lower-income earners face disproportionate crisis-related job and income loss—yet have less family and community wealth to tap into to soften the blow. These communities urgently need prompt and comprehensive relief.

These impacts will worsen over time, as immediate income shortfalls result in missed or late bill payments, adding late fees and related penalties to swelling debt burdens. Some families will lose their homes to eviction or foreclosure, either now, or when protections available to some renters and homeowners expire. High cost predatory lenders will increase the hardship of those who succumb to the false hope these lenders provide. In order to avert catastrophe, we must ensure that the income, home, and health of every person are protected and preserved. Establishing strong consumer protections support our most vulnerable community members - failing to act will lead to devastation to household finances and the state economy.

With that, we urge you to implement the following policy recommendations via executive orders or a special legislative session. In order to ensure these protections are in place long enough, we recommend executive actions be implemented until October 1st with a planned assessment before this deadline to evaluate if an extension is necessary and legislative action be put in place until the legislature can consider extension during the 20201 legislative session.

Keep Oregonians in their homes

- Extend the current moratorium on evictions for renters.
- Enact a moratorium on foreclosures for homeowners. According to the latest foreclosure numbers, Oregon saw an 113% increase in our mortgage delinquency rate from 1.9% in March to 4.05% in April. For comparison, our peak during the foreclosure crisis was just over 9%.

- Require forbearance of up to 12 months to be offered on all mortgages combined with robust repayment options for homeowners once the forbearance period has expired. No late fees, default interest, or interest on interest should be charged during forbearance.[1]

Cease debt collection and fines and fees to ensure Oregonians can pay for necessities.

- Cease the collection of debts owed or assigned to the state, including student loan debt, medical debt, and criminal legal system fines and fees. Interest accrual, late fees, and collection fees should also be halted and non-payments should not be reported to credit bureaus.[2]
- With respect to privately-held debt, suspend:[3]
  - all referrals to debt collectors or sales to debt buyers;
  - all new and existing court filings, garnishments, offsets, repossessions, and court clerk-entered default judgments;
  - and any other activity that will seize people's income and/or deprive consumers of the use or benefit of wages, income, government payments or benefits, bank accounts, and other household assets.
- Order all state-chartered banks to stop charging overdraft fees, ATM fees, and credit card late payment fees.[4]
- Prohibit negative credit information being reported to credit bureaus.[5]

Secure long term protections for Oregonians with student debt.

- Protect student borrowers by passing a student borrower bill of rights.[6]

Furthermore, it is critical to understand that once things have returned more to "normal," payment accrued as a result of forbearance or other deferments will potentially prove to be just as much a burden as they are now. Because of this, repayment plans after these emergency protections have been lifted must be structured such that they are affordable to consumers and are not burdensome to access. Lump sum or balloon payment demands should be prohibited.

We know that the economic impacts of this crisis will reverberate for a long time even after economic activity resumes. With so much uncertainty at the federal level, Oregon has an opportunity to lead policy and enforcement actions to support consumers. Now is the time to make sure Oregonians are protected, allowing them to move from financial shock to financial resilience.

Sincerely,

Neighborhood Partnerships

HACIENDA
COMMUNITY DEVELOPMENT CORP.

PCRI
Meeting the Affordable Housing Needs of the Community

OSPIRG | Oregon State Public Interest Research Group

[1] New York has required financial institutions regulated in the state to "make applications for forbearance of any payment due on a residential mortgage of a property located in New York widely available to any individual residing in New York who demonstrates financial hardship as a result of the COVID-19 pandemic, and grant such forbearance for a period of ninety (90) days, subject to the safety and soundness requirements of the regulated institution, and the federal exceptions listed." We recommend instituting a similar policy without the requirement that borrowers show financial hardship due to COVID-19.

[2] California has suspended collection activities including interception of tax refunds, lottery winnings, or unclaimed property payments; wage garnishments and bank liens; liens on real and personal property to satisfy tax debt; and automatic payments related to pre-COVID19 payment plans for all of the following debts:

- Bail, fines, fees, penalties and assessments imposed and collected by the juvenile and criminal systems
- Court-ordered reimbursement for court-related services
- Overdue taxes
- Welfare or unemployment program overpayments
- Parking tickets
- Vehicle, including toll, violations
- Unpaid vehicle registration fees
- Tuition
- Debts owed to agencies in states outside California

[3] Massachuests has prohibited private debt collection practices including:

- filing any new collection lawsuit
- garnishing wages, earnings, properties or funds
- repossessing vehicles
- applying for or serving a capias warrant
- visiting or threatening to visit the household of a debtor
- visiting or threatening to visit the place of employment of a debtor
- confronting or communicating in person with a debtor regarding the collection of a debt in any public place

[4] New York has required financial institutions regulated in the state to "provide the following financial relief to any individual who can demonstrate financial hardship from the COVID-19 pandemic, subject to the safety and soundness requirements of the regulated banking organizations: (i) eliminating fees charged for the use of Automated Teller Machines (ATMs) that are owned or operated by the regulated banking organizations; (ii) eliminating any overdraft fees; and (iii) eliminating any credit card late payment fees." We recommend institution a similar policy without the requirement that borrowers show financial hardship due to COVID-19.

[5] While the CARES Act has done this in some circumstances, it only applies to certain borrowers. We recommend a blanket moratorium on reporting negative credit information to credit reporting bureaus.

[6] We recommend passage of SB 279, introduced in the 2020 legislative session.