

FISCAL IMPACT OF PROPOSED LEGISLATION

80th Oregon Legislative Assembly – 2020 1st Special Session
Legislative Fiscal Office

Measure: HB 4204

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Establishes temporary limitations on lenders being able to enforce default remedies on obligations secured by mortgages, trust deeds, land sale contracts or other instruments.

Government Unit(s) Affected:

Department of Consumer and Business Services (DCBS), Housing and Community Services Department (HCSD), Oregon Judicial Department (OJD), Counties, Department of Justice (DOJ)

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis:

HB 4204 protects homeowners from foreclosure for payments in arrears as a result of the COVID-19 pandemic. These protections span an emergency period that is defined as the period during which the state of emergency issued by the Governor on March 8, 2020 is in effect, and 60 calendar days after. During this period, a lender may not treat a borrower's failure to make a payment due on a property loan as a default, if the borrower notifies the lender that they will be unable to make the payment within 30 days after the payment is due. Instead of declaring the loan in default during the emergency period, the borrower and lender may agree to modify, defer, or otherwise mitigate the loan; agree to a foreclosure avoidance measure as outlined in statute; or the lender must defer the payment and waive or modify the payment terms to allow the borrower to pay the amount owed. Borrowers must still repay in full any amount owed.

The measure outlines restrictions on lenders during the emergency period if a borrower does miss a payment. During the emergency period, courts may not enter a judgment of foreclosure and sale, or issue a writ of execution with respect to a subject project. This measure includes an emergency clause and takes effect on passage.

The Housing and Community Services Department (HCSD) anticipates an indeterminate impact as a result of this measure. HCSD issues tax-exempt bonds to fund the Oregon Bond Residential Loan Program for first-time homeowners, and mortgage payments are used to pay bond debt service and program expenses. HCSD anticipates a minimal impact on program funding if the emergency period is short, but could see a much larger impact on revenue flows and program operations if the emergency period continues for an extended period, and numerous borrowers are unable to make payments. HCSD is currently exploring options to mitigate this loss of payments.

The Association of Oregon Counties notes that local governments pursuing tax lien foreclosures, for property taxes that have been unpaid for three years, may be prohibited from seeking redress as a result of this measure. The possible fiscal impact for local governments is indeterminate at this time.

This measure is anticipated to have no fiscal impact on the Department of Justice and Department of Consumer and Business Services, and minimal fiscal impact on the Oregon Judicial Department.