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**To: House Committee on Business and Labor**  
**From: Sybil Hebb, Oregon Law Center**  
**Date: March 3<sup>rd</sup>, 2021**  
**Re: HB 2009**

Chair Holvey, Vice-Chair Bonham and Grayber, and members of the Committee,

On behalf of the Oregon Law Center (OLC), thank you for the opportunity to submit testimony in support of House Bill 2009, which would re-establish a temporary residential foreclosure moratorium and ensure basic protections for homeowners facing foreclosure.

The Oregon Law Center's mission is to achieve access to justice for low-income communities of Oregon by providing a full range of the highest quality civil legal services. The vast majority of our clients have incomes at or below the federal poverty level, and work hard to provide the basic necessities for themselves and their family. During the Great Recession, our offices across the state saw a marked increase in the number of people eligible for our services. Swept up by the force of failing markets worldwide, homeowners suddenly found themselves faced with impending poverty. At the time, we worked hard to respond to this crisis, and were so grateful for the establishment of the Foreclosure Avoidance Mediation Program and the network of housing counseling providers established at that time. Those programs saved many homes, prevented much credit damage, and helped Oregonians weather the crisis.

The COVID pandemic struck with intensity and has caused many of the same crises for housing stability that we saw during the Great Recession. We know that, like eviction impacts renters, foreclosure can position homeowners between shelter and homelessness.<sup>1</sup> Many Oregonians have begun to recover from the initial extreme losses of the pandemic, but many are still in the throes of job loss, illness, quarantine requirements, and other crises. In 2020, those who have fallen behind at least three months on their mortgage increased 250%, to over 2 million households. Nationally, we are now at a level not seen since the height of the Great Recession in 2010.<sup>2</sup> Oregon is not immune to this impact, and this is happening at a time when funding for housing counselors has been reduced and the foreclosure mediation program is less available.

We know that due to structural inequities and systemic racism, Oregon's housing markets, supply, affordability, and opportunity have been vastly out of reach for low-income communities and for communities of color.<sup>3</sup> We also know that the impact of the pandemic is

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<sup>1</sup> *Foreclosure to Homelessness 2009*. A joint report from the National Coalition for the Homeless, the National Health Care for the Homeless Council, the National Alliance to End Homelessness, the National Association for the Education of Homeless Children and Youth, the National Law Center on Homelessness & Poverty, the National Low Income Housing Coalition and the National Policy and Advocacy Council on Homelessness.

<sup>2</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_Housing\\_insecurity\\_and\\_the\\_COVID-19\\_pandemic.pdf](https://files.consumerfinance.gov/f/documents/cfpb_Housing_insecurity_and_the_COVID-19_pandemic.pdf)

<sup>3</sup> [https://www.oregonlegislature.gov/citizen\\_engagement/Reports/2019-JARDHO-Addressing%20Barriers%20to%20Home%20Ownership%20for%20People%20of%20Color%20in%20Oregon.pdf](https://www.oregonlegislature.gov/citizen_engagement/Reports/2019-JARDHO-Addressing%20Barriers%20to%20Home%20Ownership%20for%20People%20of%20Color%20in%20Oregon.pdf)

falling disproportionately on those very same communities. If we do not act to ensure structural supports and systemic protections for struggling homeowners, these inequities will be deeply exacerbated.

HB 2009 is a necessary step to help ensure that struggling homeowners do not suffer generational devastating impact as a result of this pandemic. The bill would accomplish several critical elements of ensuring that our neighbors stay safe and stable through this crisis:

- Pausing foreclosure proceedings temporarily for qualifying borrowers;
- Temporarily delaying payment requirements (continuing the obligation to pay);
- Ensuring that the purpose of the Foreclosure Avoidance Mediation Program is met, by lowering the exemption threshold.

OLC's greatest concern in this area is making sure that struggling homeowners do not end up losing their homes because of the pandemic, and that they can rely on the existence of a fair and reliable process by which they can assess their options and determine next steps. As we hopefully enter the post-COVID world, and as our economy slowly recovers, the pause on proceedings will ensure that borrowers have time to get caught up and back on their feet. These same principles are why the federal Government has paused many proceedings until June 30<sup>th</sup>, 2021.<sup>4</sup> But that action leaves roughly a third of mortgages without protection, and our economy will not be back on its feet by the end of June. Ensuring these protections are in place through the end of September, with the possibility of extension through the end of the year, is the best way to ensure that all borrowers have stability through what we hope is the close of the pandemic.

The change to the exemption level for purposes of the foreclosure mediation program is necessary to ensure that the circumstances of the pandemic do not undermine the purpose of the program. The mediation program was established to ensure that borrowers facing foreclosure had assistance and time to navigate the confusing foreclosure process and all of its attendant paperwork and complexity. The goal of the program is, where possible and appropriate for both sides, to examine options and to avoid unnecessary foreclosures. Where losing the home is inevitable, the program helps to provide families with sufficient reliable notice that they can plan for transition to avoid crisis and chaos.

The exemption for creditors that filed fewer than 175 foreclosures in the previous calendar year was to exempt smaller lenders from the program. However, due to court closures, emergency orders, and the COVID crisis, most larger entities have filed fewer cases and will now qualify for the exemption. The bill proposes the temporary reduction of the exemption number to take into account the artificially low filing numbers. Passage of the bill will ensure that borrowers with continuing foreclosures will receive the intended benefits of the program. This program has been incredibly successful, and has helped 70% of participants reach negotiated agreements with their lenders. Passage of these bills would provide significant protections for vulnerable homeowners, thereby preserving safety and stability for families during this pandemic.

Thank you for this opportunity to provide comments.

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<sup>4</sup> <https://www.whitehouse.gov/briefing-room/statements-releases/2021/02/16/fact-sheet-biden-administration-announces-extension-of-covid-19-forgiveness-and-foreclosure-protections-for-homeowners/#:~:text=The%20actions%20announced%20today%20will,homeowners%20through%20June%2030%2C%202021%3B&text=Provide%20up%20to%20six%20months,or%20before%20June%2030%2C%202020.>