

House Committee on Business and Labor

Written Testimony on HB 2009

Public Hearing: Wednesday, March 3, 2021

Chair Holvey, Vice-Chair Bonham, Vice-Chair Grayber, Members of the Committee,

Thank you for the opportunity to comment in favor of HB 2009. My name is Loren Naldoza. I am the Legislative & Communications Manager with Neighborhood Partnerships and am writing in my capacity as a member of Oregon's Stop the Debt Trap Alliance. The Stop the Debt Trap Alliance is a coalition of organizations across Oregon that advocates for policies that benefit Oregonian consumers, tenants, homeowners and individuals across the State.

As you know, the Oregon Legislature passed HB 4401 in December of last year, which established a moratorium that protects tenants from most residential evictions through the end of June 2021. While these protections were fortunately passed into law, additional protections for homeowners facing similar hardships from the pandemic were not accomplished in the third special session. This is not due to a lack of hardship on the part of homeowners. According to most recent Census Pulse Survey data, twenty one percent (21%) of respondents reported being worried about being foreclosed on in the next two months. In an economy where 40% of Americans are not able to come up with \$400 for an emergency expense, we can only expect these numbers to worsen as the pandemic continues on through 2021.¹

The Oregon Legislature has a history of stepping up during difficult times to offer protections for homeowners, including the establishment of the Oregon Foreclosure Avoidance program in 2012 which offers state-run mediation services to find help homeowners come to a resolution with their mortgage servicer that allows the homeowner to keep their home and avoid foreclosure.

HB 2009 would continue the Legislature's track record of protecting homeowners by establishing a moratorium on foreclosures for homeowners who have demonstrated a financial hardship due to the COVID-19 pandemic. The moratorium is set up to retroactively to protect homeowners through January 1, 2021, and protects mortgages on structures with up to four units. HB 2009 also requires

¹ Federal Reserve System. "Report on the Economic Well-Being of U.S. Households in 2018." May 2019. Access here: <https://www.federalreserve.gov/publications/files/2018-report-economic-well-being-us-households-201905.pdf>

a servicer to grant a homeowner a forbearance if they have attested that they have lost income due to the pandemic. Any arrearages would also be required to be rolled into the back of the loan.

As the State of Oregon has been in this pandemic for about a year, there has been no shortage of stories across the state about how COVID-19 has brought on or worsened existing financial hardships. Preexisting housing instability, which is disproportionately experienced among households with low incomes and BIPOC households, has only been exacerbated, leaving many to grapple with mounting debt and the looming threat of homelessness. Homeowners, who have spent years building up and protecting their assets, should not be exempt from state protections as they navigate lost income and financial insecurity.

The Stop the Debt Trap Alliance strongly urges your support of HB 2009. Thank you for the opportunity to comment.

Sincerely,

Loren Naldoza

Legislative & Communications Manager

Neighborhood Partnerships

On behalf of the Stop the Debt Trap Alliance