



DEVELOPING THRIVING COMMUNITIES

February 1, 2021

Senate Committee on Labor and Business
900 Court Street NE
Salem, Oregon 97301

RE: Senate Bill 485

Chair Riley, Vice-Chair Hansell and Members of the Committee:

My name is Karen Saxe and I work at DevNW, an affordable housing development and counseling agency serving Lane, Linn, Benton, Lincoln, Marion and Clackamas counties.

SB 485 is a step in the right direction to support Oregon borrowers. In addition to the protections outlined in SB 485, we would urge support of access to student debt counseling to help borrowers navigate this complicated field. As the COVID-19 pandemic has hit our communities, people are facing the difficult choice between staying current on debt and planning for housing and food stability. Federal action has allowed for short-term payment pauses on federal loans, but private student loans have not been included, leaving borrowers with mixed information and in need of support for how best to navigate and manage these specific debt payments during this turbulent time. In addition, counseling supports borrowers in preparing for what happens after a payment freeze is lifted, a time where even student loan servicing companies have raised the red flag about the impact to borrowers, both those in default and those who may be unjustly thrust into default due to inefficient systems as payment collection starts back up. Counseling provides a neutral, third-party review of eligibility, communication and long-term debt planning.

DevNW provides a suite of financial and asset building services that aim to help low and moderate income families and communities build a better financial future. One of our signature asset building services is our first time homeownership program for low and moderate income families. We provide financial and homebuyer education, counseling, credit-building, matched savings accounts (IDAs), and down payment assistance to help low income families achieve stable, affordable homeownership.

devNW.org



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Over the last 5 years, student loan debt has become one of the primary barriers for our clients to achieve homeownership. In fact, over 80% of millennials cite student loan debt as the reason for delaying or eliminating their pursuit of homeownership. We also know that seniors face mounting debt payments, impeding and complicating their ability to retire with financial security. In 2018, we launched a student loan debt counseling program to help borrowers understand their debt, analyze the options available to them and communicate and negotiate with their servicer. Over the last few years we have seen firsthand the misinformation and deceptive practices of servicers, many of whom are out of state, leading to increased borrower confusion and devastating financial outcomes. Borrowers who qualify for payment plans, loan forgiveness or discharge of debt are given conflicting and misleading information, often at the cost of massive additional fees, unnecessary payments, or falsely delinquent credit reporting. The chance to get out from under student debt quickly slips out from the hands of even the most proactive borrowers.

Outstanding student loan debt owed by Oregon borrowers totals close to \$20 billion, and is crippling the financial stability of Oregonians. Borrowers have few options available in helping to manage their debt and hold servicers accountable. In order to have a fair shot, student borrowers need several layers of protection added by SB 485, including regulatory authority for DCBS and an Ombudsman to act as a centralized resource.

We urge your support of SB 485 with amendments that increase protections for borrowers and create a student debt counseling program for borrowers to navigate these systems and ensure their short- and long-term financial stability.

Sincerely,

A handwritten signature in black ink, appearing to read "KSaxe".

Karen Saxe
Director of Financial Wellbeing

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