

HB 2009 A STAFF MEASURE SUMMARY

Carrier: Rep. Bonham

House Committee On Business and Labor

Minority Report

Action Date: 03/24/21**Action:** Do pass with different amendments. (Printed A-Eng.) Minority**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Report Signers:** Rep. Daniel Bonham, Rep. Shelly Boshart Davis**Prepared By:** Jan Nordlund, LPRO Analyst**Meeting Dates:** 3/3, 3/24**WHAT THE MEASURE DOES:**

Prohibits foreclosure of certain mortgages or trust deeds during emergency period. Stays foreclosure, during the emergency period, when initiated on or after June 30, 2020. Defines emergency period as period extending from effective date of this Act to June 30, 2021. Defines a subject property as real property upon which are situated no more than four dwelling units used primarily and designed solely for residential use. Exempts from foreclosure moratorium any federally backed mortgage or any loan made or serviced in accordance with federal forbearance programs. Establishes that the foreclosure moratorium requirements do not affect the rights and obligations of a lender, issuer, servicer, or trustee of a mortgage loan. Establishes exemption from Oregon Foreclosure Avoidance Program to be 175 foreclosures commenced in prior year, beginning January 1, 2023. Requires Oregon Housing and Community Services Department (OHCS) to apply at earliest possible date for maximum allowed for Oregon from the federal Homeowner Assistance Fund. Requires OHCS to consult specified entities to develop methods for informing eligible borrowers of existence of financial assistance, and to develop method for disbursing funds to the eligible borrowers. Requires OHCS to report to legislative committee within 30 days of effective date and every successive 45-day period until December 31, 2021, as to its progress implementing these provisions.

ISSUES DISCUSSED:

- Expiration on December 31, 2020, of prior moratorium
- Efforts of work group to develop proposal
- Existing protections for federally backed mortgages
- Estimated federal assistance through the Homeowners Assistance Fund
- Time needed to receive federal funds and disburse to those in need
- Whether commercial property owners should receive same protections as homeowners
- Long-term impact to homeowner when served with notice of default

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

Legislation enacted during the First Special Session of 2020 (House Bill 4204) provided temporary payment deferral and protection from foreclosure for residential and commercial borrowers through September 30, 2020. Governor Brown extended the protections through December 31, 2020, through Executive Order 20-37. The legislation was intended to protect people from losing their home during a public health crisis and to provide relief to residential and commercial borrowers while the economy responded to the pandemic. Federally backed mortgages are currently protected under a federal foreclosure moratorium and payment forbearance program. It is estimated that federally backed mortgages account for 70 percent of all mortgages. The U.S. Census Bureau's Pulse Survey for March 3-15 indicates that approximately 65,000 Oregon households are behind on their mortgage payments.

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House Bill 2009 MRA reinstates a temporary foreclosure moratorium with regard to properties upon which are no more than four residential dwellings. The moratorium is in effect throughout the emergency period that begins on the Act's effective date and extends through June 30, 2021. If a foreclosure was initiated on or after June 30, 2020, the foreclosure is stayed throughout the emergency period. The moratorium does not apply to federally backed mortgages, nor does it apply to a mortgage loan made or serviced in accordance with federal forbearance programs. The measure also changes the threshold for a lender to be exempt from participating in the Oregon Foreclosure Avoidance Program. Currently, if a lender commenced no more than 175 foreclosures in the prior calendar year, they will be exempt from program participation in the current year. House Bill 2009 MRA lowers the threshold for 2021 and 2022 to 30 foreclosures commenced in 2019.