



Hope Del Carlo, Attorney • hope@elemental.law • Direct: (503) 789-7372 • www.elemental.law

House Committee on Business and Labor
Public Hearing on HB 2009, March 3, 2021, 3:15 p.m.
Testimony in support by Hope Del Carlo, Portland, Oregon

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

My name is Hope Del Carlo, and I write in support of HB 2009 as a private consumer protection attorney. For twenty years I have helped Oregonians at risk of losing their homes. About half of my career has been spent working for Oregon's legal services non-profits, including an eight-year stint as the coordinator for Legal Aid Foreclosure Help, a statewide project that helped low- and moderate-income homeowners keep their homes. The project was funded by multi-state settlements with loan servicers and, at times, by the state of Oregon. It did a lot of good work.

Throughout the Great Recession, I was involved in litigation to curb predatory lending, discrimination, and servicing abuses. I provided direct assistance to homeowners and advocated for policies and programs that would improve their odds of keeping their homes.

Just as the door was finally closed on the last foreclosure crisis and mortgage defaults were returning to baseline in Oregon, the pandemic and its attendant economic fallout began. COVID-19's timing could not have been worse—the Foreclosure Help project has ended. Housing counseling resources are also reduced because of lack of funding. The Oregon Homeownership Stabilization Initiative offers fewer types of assistance than it did a few years ago.

Now, homeowners who need help because of lost jobs, illness, and the pandemic's other repercussions are having to fight it out on their own. The CARES Act protects some borrowers in Oregon, but not everyone. Statistics about how many borrowers are covered can be deceptive, as many borrowers have more than one mortgage encumbering their home. A family's first mortgage might be federally-related, but they may also have a home equity line of credit or other junior lien that isn't covered, putting them at risk of foreclosure by that lender. Because the protections offered by federal law are incomplete, we need a strong Oregon statute that covers a wide swath of Oregon property owners and gives everyone rights that are clear and easy to access.

HB 2009 incorporates the protections afforded by its predecessor, HB 4204. The deferral rights and foreclosure moratorium created by HB 4204 have been a lifesaver for my clients. It is vital that Oregon pass a bill that extends these protections further.

Elemental Law LLC

7805 SW 40th Avenue., #19025 • Portland, Oregon 97280 • Tel: (503) 789-7372 • Fax: (503) 345-6655

HB 2009 wisely includes all kind of obligors, including those buying homes on land sale contracts—an often-used financing arrangement in rural areas of Oregon, where homeowners are less likely to have easy access to help. It confers additional protection for those with federally-backed loans, who should be able to obtain help under the CARES Act, but are wrestling with their loan servicers about the extent and details of their protection. This is extremely important for borrowers who are encountering the kinds of loan servicer communication and paperwork problems that were ubiquitous during the Great Recession.

Further, HB 2009 makes it very simple for a homeowner who is in financial trouble to request deferral of payments, reducing the likelihood of squabbles with loan servicers about whether they are entitled to relief. Because payments are deferred rather than forgiven, the risk of abuse by borrowers is very low—ultimately, the payments have to be made.

Part of the urgency for passing HB 2009 is the reality that Oregon's BIPOC homeowners, who were disproportionately affected by foreclosures and displacement during the Great Recession, are again in a position to be hurt the most by another round of mortgage foreclosures. The Consumer Financial Protection Bureau released a report this week that shows that nationally, as a result of the pandemic, "Black and Hispanic homeowners were more likely than white homeowners to report that they were behind on their payments." Oregon already has a tremendous homeownership equity gap to close, due to a longstanding history of unfairness and the effects of the last foreclosure crisis. Further damage to homeownership in communities that are still rebuilding can at least be reduced by enacting HB 2009, which will hold the line against unnecessary foreclosures at this precarious moment.

To sum up, Oregon needs a longer foreclosure moratorium and the right to defer payments while the pandemic continues and homeowners are still struggling. The parameters for COVID mortgage relief should be as flexible and accessible as possible so that people can maintain stable shelter as we begin to recover from COVID-19's terrible effects. The rights created under federal law don't protect enough of us. We need a state statute that keeps more of us in our homes.

As a consumer rights lawyer, housing advocate, homeowner, mortgage borrower, and businessperson who banks with local credit unions, I believe HB 2009 stands to help the most Oregonians with the least amount of risk to the common good. Thank you for your efforts to keep all Oregon homeowners and their families secure.

Hope Del Carlo