OREGON BANKERS ASSOCIATION

The Voice of Oregon Banking • Since 1905

Testimony in Opposition to House Bill 2009A

Chair Jama, Vice Chair Linthicum, and Members of the Committee, thank you for the opportunity to provide written testimony on House Bill 2009A. The Oregon Bankers Association and our sister organization, the Community Banks of Oregon, represent state and national FDIC-insured banks doing business in the State of Oregon.

Oregon's banks are the premier providers of credit – particularly to small businesses – and are responsible for the safekeeping of $79 billion in Oregonians' hard-earned dollars. More than 20,000 people work for banks at over 944 locations in Oregon. These banks also support over 1,000 nonprofits and community organizations in Oregon donating $20.7 million and 225,600 volunteer hours each year. They are cornerstones of the communities they serve.

In addition, Oregon's banks have provided extraordinary assistance to Oregon families and businesses impacted by the COVID-19 pandemic. Some of this assistance was in partnership with the state and federal government, including forbearance for government-backed mortgage loans, origination of 85% of the Paycheck Protection Program loans to more than 70,000 Oregon businesses, and assisting the state with cash distributions to those awaiting unemployment. Less visible is the assistance banks have provided every day to their customers and communities, including extensive payment deferrals, fee waivers, loan modifications, and emergency assistance. From housing families displaced by wildfires to restricting debt for COVID-impacted small businesses, Oregon's banks have gone above and beyond to assist our state during the past year. They will continue to do so in the year ahead.

With that said, we are deeply concerned about provisions of HB 2009A, which would reimpose another potentially lengthy moratorium on residential and some commercial mortgage loans. This action is not only unnecessary at this time, but it also dampens future extension of credit. We strongly urge you to vote no on this bill for the reasons outlined below.

Foreclosure moratoriums through June 30, 2021 are already in place for the vast majority of residential borrowers.

- Approximately 70 percent of residential mortgages in Oregon are owned by federally controlled agencies like Freddie Mac, Fannie Mae, Ginnie Mae, FHA, USDA, and the VA. These mortgages are already subject to foreclosure moratoriums through June 30, 2021, with potential for an extension. Overlaying a state-level moratorium on an already existing federal moratorium would not help borrowers and could hamper a bank's ability to effectively modify a customer's loan.
- All bank home mortgage lenders have adopted their own programs to assist homeowners facing challenges paying their mortgages. Banks are continuing to work individually with their borrowers to assure they can avoid foreclosure. It is in everyone's best interest to avoid foreclosure, as it is always a last resort.

The share of mortgage loans that are delinquent or in forbearance continues to decline as the economy improves.

- The Mortgage Bankers Association has reported that the total number of loans now in forbearance continues to decrease, and has dropped to 4.96 percent as of March 21, 2021.

PO Box 13429 • Salem, Oregon 97309-1429 • 777 13th Street SE, Suite 130 • Salem, Oregon 97301
www.oregonbankers.com • (503) 581-3522 • fax (503) 581-8714

Financial help for borrowers is coming to Oregon in the Federal $1.9 trillion American Rescue Plan Act.

- An almost $10 billion Homeowner Assistance Fund was established in the bill. There are minimal restrictions and sums can be used to help borrowers catch-up on loans and pay delinquent real estate taxes and unpaid utilities. At least 60 percent of the funds would go to borrowers with incomes less than 100 percent of the national median income. It is estimated that Oregon will receive at least $100 million based on population and unemployment data. Oregon Housing and Community Services should begin work immediately to apply for that funding and disburse it to borrowers who have fallen behind on their mortgages.

HB 2009A suffers from a variety of legal, technical, and practical shortcomings including, but not limited to:

- Provisions that are retroactive, unilaterally alter contract terms, and are subject to federal preemption and legal challenge.
- The bill imposes a one-size-fits-all loan modification requirement that may not be in a borrower’s best interest and could hamstring lenders working with borrowers on solutions that fit their needs.
- If federal financial assistance to borrowers is disbursed promptly, a foreclosure moratorium longer than June 30 will not be needed.

Please Vote No on House Bill 2009A

If you have questions, please contact Paul Cosgrove at (503) 799-5679 or Tim Martinez at (503) 510-9019.