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Senate Committee on Housing and Development  
Public Hearing on HB 2009A  
May 6, 2021, 1:00 p.m.

Chair Jama, Vice-Chair Linthicum, and members of the Committee,

I am a consumer protection attorney in Portland who specializes in foreclosure defense and consumer protection; I'm writing in support of HB 2009A. Until last summer, I was the coordinator for Legal Aid Foreclosure Help, a state-wide project that helped low- and moderate-income homeowners and tenants stay in their homes.

Now I am in private practice, representing homeowners. The prior COVID-19 foreclosure moratorium, HB 4204, was invaluable for my clients--even the ones who are protected by the CARES Act.

There are a couple of reasons for this--the first is that many borrowers are not covered by the CARES Act, especially those with second mortgages. The prior moratorium, HB 4204, is the reason that some of my clients are still in their homes at this point in the pandemic. I believe the statistic that 70% of borrower are protected by the CARES Act understates the actual number of Oregonians at risk of foreclosure since so many borrowers have more than one loan--including home equity loans that are not covered. Without an Oregon law that covers second mortgages, which are much less-commonly covered by the CARES Act, many homeowners will find themselves at risk of losing their homes due to their inability to pay a junior mortgage.

The second reason we still need HB 4204 is that borrowers need time for loan servicers to help borrowers by modifying their loans and providing other end-game solutions when the current forbearances end. We believe that help is coming from the federal government--but, as was true with the Great Recession, loan servicers are not handling borrowers' loans perfectly. Even borrowers who are covered by the CARES Act are not getting clear communication from their servicers about the extent of that protection and what will happen when they emerge from their suspended payment deadlines.

Yesterday I met with a new client, a widow whose husband died of COVID a few days after Christmas. She is now being hassled by her loan servicer and threatened with foreclosure, even though the loan is a reverse mortgage that should be covered by the CARES Act. Her servicer is telling her she is not protected.

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She's not the only one. Several of my clients need me to help them negotiate with their servicers just to get them to acknowledge and extend their forbearances and other CARES Act rights. Oregon's foreclosure moratorium under HB 4204 was a life-saving fall-back plan through the end of last year. Borrowers are still struggling, many of whom are not back to their pre-pandemic income levels. HB 2009A is a justified and relatively narrow protective measure that gives them the extra protection and breathing room they need.

I urge you to pass HB 2009A. Thank you for hearing my testimony, and for your efforts to keep families secure.

Sincerely,

*Hope Del Carlo*