

It is **unjust** and **unconstitutional** for the government to illegally seize surplus home equity from homeowners or small business owners, denying them and their heirs wealth.

Consumer Advocates Name Concerns with HB 4056

The US Supreme Court, in Tyler v Hennepin County, has ruled against counties holding on to all foreclosure sale proceeds for back taxes if the amount exceeded the amounts owed. This practice is now considered unconstitutional.

Oregon is among 20 states that have allowed county governments to take home equity away from families. Our preliminary analysis indicates that the average claim exceeds \$100,000, perhaps significantly more.

Tax foreclosures have a disproportionate impact on older Oregonians and communities of color.

- Nearly 80% of older adults own homes, with many living on modest fixed incomes, so they are at a heightened risk of tax foreclosure and losing their most valuable financial asset.
- Home equity constitutes a greater percentage of overall BIPOC household wealth.
- Older, low-income homeowners (many of whom are Black, Latino/a, or immigrants and people whose first language is not English) face many other threats and financial pressures that jeopardize their ability to preserve a lifetime of home equity.

HB 4056 was crafted without input from advocates and representatives of impacted communities.

Questions? Contact Chris Coughlin at (503)477-1008

The bill proposes a process for former owners, or their heirs or successors, to claim any surplus from a property tax foreclosure from the county. That said, the bill also attempts to limit people's rights, establishes burdensome processes for claiming said rights, and fails to provide adequate consumer outreach and assistance measures.

Oregon needs to revise its statute to be in compliance with the Court's decision. **As we determine the best path forward, it is crucial that the interests of consumers, older Oregonians, and impacted communities are centered.** It is essential that no new barriers are created for homeowners and heirs to maintain their home equity or recover equity that was illegally taken.

Proposal elements to consider and include:

- Implement reasonable time periods (statute of limitations) to allow families to learn about and navigate the process;
- Provide help for families navigating the claims process;
- Provide assistance for homeowners in determining the current value of amounts inappropriately taken;
- Offer clear and regular information (available in both plain language and multiple languages) about homeowner rights and how to make claims;
- Conduct adequate outreach and posting;
- Provide consumer-centered processes when ownership and heirs are not clear;
- Provide clarity in the bill around issues of lienholders;
- Provide clear processes to determine fair market value and surplus amounts;
- Provide reasonable and clear methods to calculate charges related to the tax foreclosure process;
- Ensure adequate and appropriate process management oversight and accountability; and
- Provide clarity around any claims that may occur before the effective date of the bill.

There are still a number of complicated issues to be worked out on this important topic. We would welcome the opportunity to participate in a robust stakeholder process during the interim to bring a comprehensive bill to the 2025 Legislature.

