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House Bill 2009A – It doesn't help, and it makes things worse!

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.

House Bill 2009A purports to help struggling homeowners, protecting them from foreclosure. But in fact, it is an unconstitutional, unnecessary, and inappropriate intervention into the home mortgage market.

Some Oregon homeowners are still not able to make their mortgage payments, although that number continues to get smaller each month. The overwhelming majority of homeowners in that situation are already protected from foreclosure because their federally backed mortgage loans are in forbearance, where monthly payments are not required and the loan is not considered to be in default. That federal forbearance period extends at least to June 30, just like House Bill 2009A. Moreover, that forbearance period has been extended two times by the Biden administration, and it is likely to be extended again.

Other homeowners not able to make their mortgage payments are protected by forbearance programs voluntarily adopted by lenders, some of which follow the federally-backed mortgage guidelines, others are individually tailored to a customer's needs. Thanks to the flexibility of regulators allowing lenders to work with pandemic-impacted borrowers, there is no current nor pending "wave of foreclosures".

House Bill 2009A would interfere with these existing forbearance programs, as the General Counsel for the Federal Home Financing Administration has already specifically told the bill's sponsors. It also creates a confusing new notice that would be given to homeowners, which will create more anxiety about whether homeowner's current forbearance arrangements are intact or going to be changed.

In addition, House Bill 2009A violates at least two express prohibitions in the Oregon Constitution. Article 1, Section 21 states: "No ex-post facto law, or law impairing the obligation of contracts shall ever be passed." House Bill 2009A is written to apply retroactively, violating the first clause, and it will force changes to payment terms and the length of the mortgage loans, violating the second.

Finally, there is a better way: lenders have offered proposals that would avoid the homeowner confusion that will be caused by House Bill 2009A, and eliminate the constitutional problems in the bill, while still protecting homeowners needing help. And lenders have called on all interested parties to work collaboratively to ensure that financial assistance included in the American Recovery Plan (over \$90 million for Oregon!) is quickly and efficiently distributed to make up deferred payments. Using that new federal money to get homeowners loans current again is the real solution, not another state law that is divisive and harmful to both consumers and lenders.

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.