



February 23, 2015

Testimony in Support of Funding for Foreclosure Counseling
Ways and Means Subcommittee on Transportation and Economic Development
Submitted by: Emily Reiman and Karen Saxe, NEDCO

Co-chairs Johnson and Gomberg and members of the committee:

NEDCO (Neighborhood Economic Development Corporation) is a member of the network of agencies that provides foreclosure counseling across Oregon. We have worked with other members of the network and external partners involved in the process to gather the following data about current trends in foreclosure counseling services.

Our agencies continue to see steady demand for counseling as part of the successful Oregon Foreclosure Avoidance (OFA) Program, as well as from those homeowners who are not eligible for OFA. 90+ day mortgage delinquency rates are still four times as high as before the recession. Based on recent industry reports, we anticipate these numbers will remain at pre-recession levels through the next biennium.

Close to 70% of homeowners participating in the OFA Program are reaching an agreement to solve their delinquency. Many of these agreements involve homeowners resuming mortgage payments after a repayment plan or a modification agreement. Parties throughout the OFA process, including lenders, lender attorneys, facilitators and homeowners all agree that the presence of a housing counselor to support Oregon homeowners during mediation is crucial to successful outcomes.

Current demand for counseling will utilize all available funding before the end of this biennium. We are working closely with OHCS and advocates to anticipate demand, and support the request for an additional \$349,000 to ensure that we can serve all Oregon homeowners.

If current demand remains steady through the next biennium, as evidence would suggest, we see a continuing need for support of the OFA Program. We worked closely with the Housing Alliance and Legal Aid to determine the most appropriate funding request to ensure continued counseling and legal assistance for Oregon homeowners. We fully support the request for \$5 million for the 15-17 biennium.

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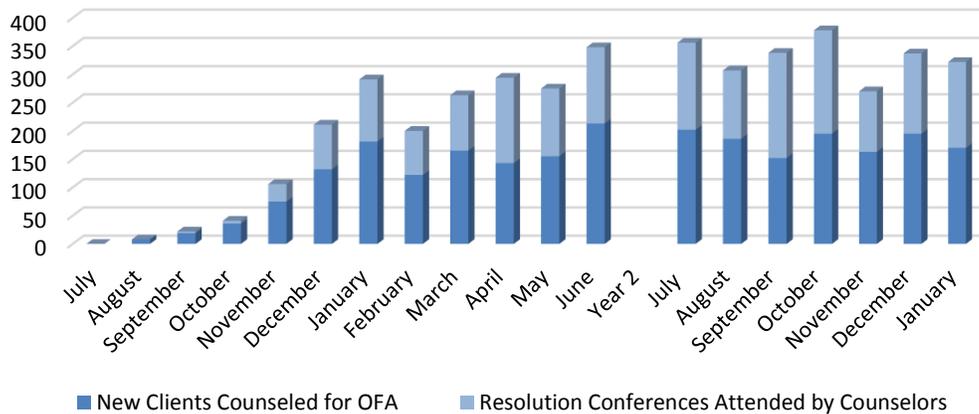
Oregon Foreclosure Prevention Counseling Update

New Foreclosure Counseling Clients

Oregon Foreclosure Avoidance (OFA) and National Foreclosure Mitigation Counseling (NFMC)
July 1, 2013 to January 31, 2015

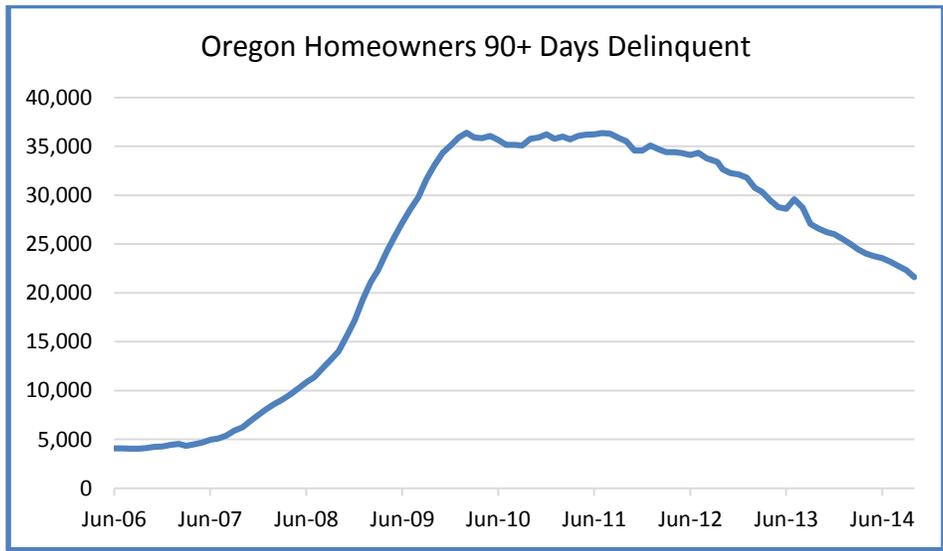
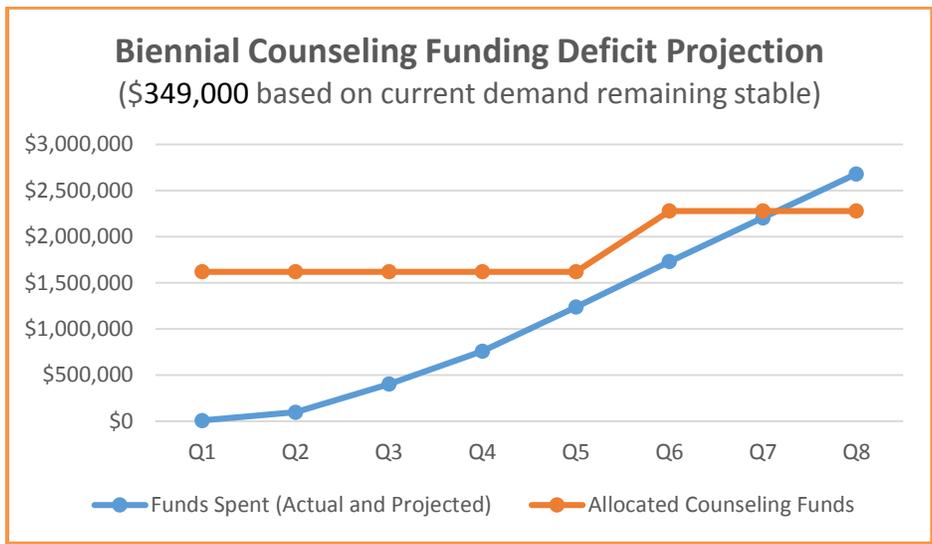
New OFA Clients	2280
New NFMC/Other Clients	1429
Total New Clients Served	3709

Oregon Foreclosure Avoidance (OFA) Counseling Service Trends



Outcome of OFA Cases with Counselor Participation

Total OFA Cases Resolved to Date*		1161
<i>Outcomes reached during resolution conference</i>	Agreements Reached	688
	<i>Agreement Reached – Retention Option</i>	581
	<i>Agreement Reached – Exit Option</i>	72
	<i>Agreement - Other</i>	35
No Agreement Reached		473
<i>Outcomes reached pre/post conference</i>	Resolved Prior to Resolution Conference (recorded as 'No Agreement – Homeowner Did Not Appear')	36
	Resolved Through Counseling After 'No Agreement Reached'	70
Adjusted Agreement Rate (includes pre/post/during)		794 (68.4%)
<i>*1037 additional cases currently in process as of 1/31/2015</i>		
Satisfaction Ratings Reported to Foreclosure Avoidance Program		
<i>Homeowner Responses</i>	Counseling received was helpful or very helpful	92%
	Would recommend Foreclosure Avoidance Program to others	95%
<i>Lender Responses</i>	Rated Foreclosure Avoidance Program neutral or better	98%



Program Highlights:

- The Oregon Foreclosure Avoidance (OFA) Program has
 - *increased* the number of homeowners avoiding foreclosure;
 - *decreased* the time it takes to finalize each workout agreement.
- Counseling is recognized universally (from mediators to lender attorneys) as crucial to helping homeowners navigate the paperwork and negotiation required for success.

Sample Success Story:

A Clackamas County family fell behind on their interest-only loan when medical issues arose preventing the father from working. The wife was able to begin a small side-business and they worked with a counselor to submit their modification application. Through OFA, the counselor was able to negotiate a modification offer with their lender for a significant interest rate reduction and reduction in their monthly payment by \$1,000. All parties are meeting this week in an OFA mediation session to finalize the agreement.

We fully support the request from the Housing Alliance and Legal Aid for \$5 million for the 15-17 biennium to ensure continued counseling and legal assistance for Oregon homeowners.

Prepared by NEDCO, with data from statewide OFA Counseling Agencies. For questions or additional information, please contact Karen Saxe, NEDCO OpportunityWorks Supervisor, at 541-345-7106.