

# Oregon hold 'em

PHOTO ILLUSTRATION BY PAUL BODEA

*Mediation efforts ramp up for foreclosure victims, but other resources await lawmakers' discretion*

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**H**ousing and consumer advocates are eagerly counting down to July 11.

That is the day the provisions of the state's new mandatory mediation law, passed by the Oregon Legislature earlier this year, go into effect.

The law requires banks to enter into mediation with homeowners 60 days before their home is foreclosed upon. Homeowners at risk of foreclosure — people, for instance, who have not paid their mortgages for a few months — are also eligible for mediation.

Mediation enables a representative of the bank and the homeowner to sit down for a one-on-one conversation regarding the homeowner's situation. The hope, from consumer advocate's point of view, is that the mediation process will reveal at least one option allowing the homeowner to stay in their home.

Oregon posted its highest foreclosure rate ever in the first quarter of 2012, at 3.86 percent. This translates to a total of 23,335 loans in the foreclosure process in Oregon.

The program would not be possible without the nearly \$30 million Oregon received in April as the result of the national mortgage settlement agreement reached between state attorneys general and the five major financial institutions deemed most responsible for the nation's foreclosure crisis — Bank of America, Wells Fargo, JP Morgan Chase, Ally Financial, and Citigroup.

A fraction of those dollars — \$7.6 million — was

allocated in late May by the Legislature's Emergency Board, a joint board of senators and representatives that meet when the Legislature is not in session.

Approximately \$3.9 million will be used to start the mediation program, which will be overseen by the Department of Justice. The rest was given to Oregon's Community and Housing Services agency to increase legal assistance to homeowners, expand the state's network of housing counselors, and fund outreach efforts to find homeowners and fund outreach who are eligible for mediation and other services.

But what about the rest of the \$22 million now padding the state's General Fund?

It's expected that the Emergency Board will allocate more of the settlement money to foreclosure prevention programs when the board meets again in September and December. The amount will be contingent upon reports the board will receive from the Oregon Housing and Community Services Department and the Department of Justice.

Already, the spending on foreclosure prevention programs is considered unprecedented in Oregon. "It's giving people access to tools and resources they haven't had," says Angela Martin, the executive director of Economic Fairness Oregon.

To consumer advocates, it's a boon that they hope will finally stem the number of foreclosures in the state.

"By any standard, it's a fair bit of money for Oregon," says Janet Byrd, the executive director of the nonprofit housing advocacy organization,

Neighborhood Partnerships. "(The mediation program) will lend some clarity to the foreclosure process. The settlement money will mean that the programs get started soon, and the system is more complete and responsive."

The nationwide mortgage settlement, in which Oregon was one of 49 participating states, totaled \$25 billion, and included a mix of payments for various actions. It included \$2.5 billion that went directly to the states, with suggested guidelines that the funds were intended to have some application to preventing foreclosures, prosecuting fraud and compensating states for the costs caused by "alleged unlawful conduct" of the big banks.

But those are only suggested guidelines.

According to a report released in May by Enterprise Community Partners, a national, nonprofit, affordable-housing financing organization, many states are diverting the money to filling their own stressed-out coffers.

The report, which looks at the ongoing decisions in each state on how to apply their settlement money, shows that at least six states aren't mediating any of the money to housing, many have split the money, and most states, including Oregon, are still in the process of deciding what to do with it.

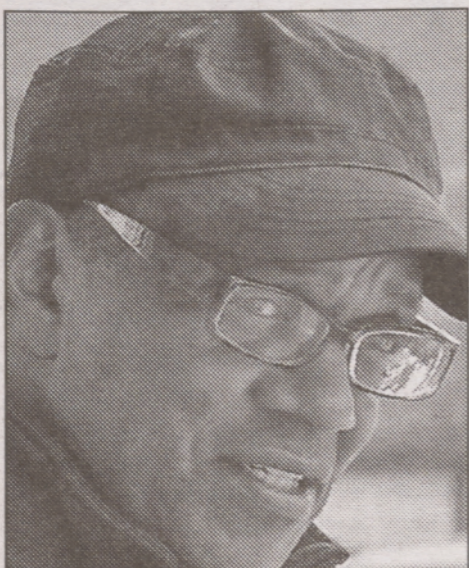
In Missouri, the state legislature there voted to use its \$40 million to offset planned cuts to higher education.

Out of Nebraska's \$8.4 million in settlement monies, only \$1 million went into the state's

Read more on foreclosure mediation from Janet Byrd from Neighborhood Partnerships  
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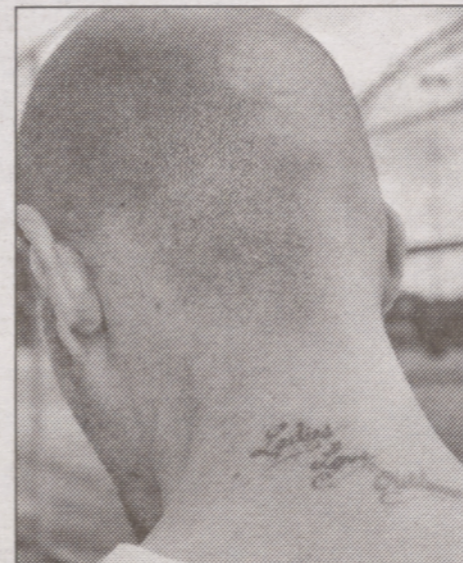
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