Oregon Law Center
921 SW Washington, Suite 516
Portland, Or. 97205

Testimony in Support of HB 2239
Before the House Committee on Consumer Protection and Government Efficiency
February 12th, 2013
Submitted by: Sybil Hebb

Chair Holvey, Vice-Chairs Lively and Richardson, and members of the committee,

On behalf of the Oregon Law Center, I submit this testimony in support of HB 2239, which would improve Oregon's oversight of businesses making mortgage loans to Oregonians. Thank you for your work on this issue, and for the opportunity to testify today.

As you may know, the Oregon Law Center (OLC) is a statewide non-profit law firm whose mission is to provide access to justice for low-income Oregonians across the state. In furtherance of this work, we focus on issues critical to our clients' survival, such as housing, safety, health care and subsistence income. In the last 5 years, it is no surprise that our offices have seen a steady increase in the number of foreclosure and home lending issues affecting our clients. Our clients most impacted by these issues are the lowest income families, seniors, and other vulnerable populations. These populations struggle to maintain their economic and housing security during difficult economic times, and mortgage lending irregularities or abuses would have the potential to force these families into homelessness.

In recognition of the important impact that mortgage lending practices have on the lives of Oregonians, the Department of Consumer and Business Services has the direction to provide important oversight of these practices. Mortgage bankers and brokers are currently required to obtain and maintain state licenses. However, national bank holding companies can currently avoid this requirement by establishing subsidiaries or by entering into joint ventures for the purpose of making mortgage loans. The subsidiaries or joint ventures can then operate in Oregon, in competition with more regulated businesses, making mortgage loans to Oregonians without local oversight.

While national bank holding companies are subject to federal oversight, such oversight is unlikely to be as informed and effective as local oversight by our Department. The federal regulator is less accessible to Oregonians, and has less time to focus on Oregon-specific practices.

Recent federal legislation under the Dodd-Frank Act now allows states to extend oversight to subsidiary corporations operating in the state. HB 2239 would allow Oregon to extend the same oversight to subsidiaries and joint ventures as it does to mortgage brokers and bankers, thus evening the playing field between these businesses and ensuring greater reliability and fairness for Oregonians. For these reasons, we urge your support of HB 2239. Thank you for the opportunity to testify today.

Sincerely,

Sybil Hebb