Oregon
John A. Kitzhaber, MD, Governor

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Representative Paul Holvey, Chair
House Committee on Consumer Protection and Government Efficiency
State Capitol, 900 Court Street NE
Salem, OR 97301

Re: Potentially Affected Entities Under House Bill 2239

Dear Chair Holvey:

Thank you for your committee's consideration of House Bill 2239. In the course of the public hearing held on Tuesday, the committee raised questions about the entities potentially affected by the proposed bill. Based on the information available to us, below are the entities we believe may be potentially affected by the concept.

Subsidiaries and affiliates of banks doing business in Oregon: In Oregon, 60 banks may conduct a banking business in Oregon (i.e., accepting deposits). Out of the 60 banks, publicly available Federal Reserve institutional data shows that 17 maintain lower-tier subsidiaries that may be engaged in mortgage lending. The department does not know with certainty that these subsidiary corporations entities are (or will) do business in Oregon, but in sum, 17 banks are potentially affected by HB 2239.

Banks subsidiaries licensed or registered by another jurisdiction and doing business in Oregon: As the department testified last Tuesday, other states continue to extend state licensing requirements to subsidiaries and affiliates of financial institutions. According to data obtained from the Nationwide Mortgage Licensing System, there are five subsidiaries operating in Oregon that have obtained licenses in other states. The department is generally aware of these five entities precisely because the entities complied with the laws of another state, or of the federal S.A.F.E. Act's registration requirements.

Loan production offices: The final category of entities potentially subject to HB 2239 includes loan production offices. These are banks or operating subsidiaries that do not accept deposits in Oregon, but instead make loans of any kind – whether the loans are for commercial real estate, auto lending, or for residential real property. The department is notified when a loan production office is set up in Oregon, but in the cases of out-of-state or national banks, the state has no regulatory authority over them. According to records maintained by the Division of Finance and Corporate Securities, there are approximately 96 of these offices throughout the state. Out of these 96 offices, a name search showed that only 12 appear to be engaged in home loan lending. And out of the 12 that are engaged in home loan lending, only two appear to exist as subsidiaries or affiliates.

In summary, based on the data that is available to the department, our best estimate of the number of entities potentially affected by this bill stands at 24. Given the uncertainties outlined above, it is possible this number may be higher, but in any case we believe the number of regulated entities would be quite small. We would be happy to provide any follow-up information that the committee requests regarding our estimate.

Sincerely,

Patrick M. Allen
Director

cc: Members of the House Committee on Consumer Protection and Government Efficiency
Paul Cosgrove, Oregon Bankers Association
Kevin Christiansen, Oregon Bankers Association