



## **SUPPORT SENATE BILL 380**

### **Protect Consumers' Access to Mortgage Loans from Community Banks**

Community Banks of Oregon represents banks headquartered in our state. On behalf of these banks, and all banks doing business in Oregon, we strongly urge you to support **Senate Bill 380**. The bill prohibits a county from bringing future lawsuits against lenders for recording fees of assignments of their trust deed loans that were never sent to the county for recording. The county did not incur the cost of recording, and is not entitled to a recording fee. Moreover, there is no statutory requirement to record these assignments. These lawsuits, one of which is currently pending, have driven some community banks to stop making residential mortgage loans altogether.

Community banks who need to obtain Fannie Mae or Freddie Mac financing for their mortgage loan businesses are **REQUIRED** to either use an electronic system that does not permit them to record assignments or otherwise assign the loan in documentation that is not recorded with the county. Community banks must maintain access to Fannie Mae and Freddie Mac financing in order to continue to make residential mortgage loans in their communities, especially 30-year fixed rate loans that are generally considered to be the safest, lowest cost loans for homebuyers. Interest rates on "conforming" loans assigned to Fannie or Freddie are generally significantly lower than other options in the marketplace.

All across the country, banks are using the same electronic system. It would be a shame if Oregon banks were forced to exit the mortgage lending business based on lawsuits over practices dictated by rules banks do not control. Senate Bill 380 is the same as Senate Bill 1556A that passed the Senate in 2018 by a vote of 29 to 0.

Oregonians, especially in rural and underserved areas, need community banks to stay in the residential mortgage lending business. They need the choice and access to safe products and the best interest rates. We all benefit from a competitive market for mortgage loans in Oregon.

### **Please Support Senate Bill 380.**

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