



Comments on HB2982 (and the -2 amendment)

House Judiciary Committee

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Credit unions are not-for-profit financial cooperatives, organized to meet the needs of their members. They are democratically owned and controlled institutions, governed by their members. Oregon's 59 credit unions serve over 2 million members – your constituents. Credit unions provide the financial services consumer need and want – home loans, car loans, business loans, savings and checking accounts, financial counseling and financial education programs.

We appreciate the opportunity to work with Rep. Helm to address the concerns he is seeing in his community from abandoned property. Credit unions share his concerns and are committed to working together with city and county leaders as well as law enforcement to find appropriate solutions.

There are some technical problems with the bill and the -2 amendment, but we are highlighting three specific concerns with HB2982:

1) The amendment requires a credit union to respond to the city's or county's notice within 30 business days committing to either abandon the property or to cure the neglect and "maintain and monitor the property free of neglect." Once that notice has been sent, Section 1 of the bill imposes a duty on the credit union to "maintain and monitor the property free of neglect." This duty seems to be owed not only to the city but also to the owner. This approach presents a variety of difficulties. First the duty is not limited to correcting issues addressed in the notice, but is an ongoing duty. If the owner has abandoned the property, it is far more likely to be subject to trespassers and squatters, vandalism, and other illegal activity. The credit union should not be responsible for the acts of third parties, and certainly should not be subject to fines for alleged failures to fulfill a nebulous duty to keep the property free of neglect.

2) The credit union is obligated to take steps within 5 business days after receipt of a notice from the city to "verify the property's abandonment." The credit union should be able to rely on the affidavit from the city or county as adequate evidence of abandonment and should be free to take action regarding the property based on that affidavit unless the credit union finds concrete evidence of occupancy. Further, there is no indication of what the statute actually requires credit union to do, or how to verify abandonment. There is no requirement for a report of any kind, but the city or county can fine the credit union \$500 per day if the credit union fails to do perform this undefined verification.

3) Unless the credit union intends to abandon the property, the credit union has to notify the city or county of the steps it intends to take to correct the problems. The city or county can notify the credit union that its plan is inadequate and then order the credit union to take specified actions and then impose a fine if the credit union does not comply with the order. This raises several problems. First, it gives the city or county carte blanche to determine what measures the credit union must take. Second, it creates what seems to be an irrevocable decision point for the credit union. If the credit union determines not to abandon the property, it

may be obligated to maintain it and complete the foreclosure. Alternatively, the credit union may indicate a plan to abandon but later discover that the property is worth more than anticipated. The credit union should be free to change course.

Finally, this legislative concept is predicated on the assumption that the credit union can go in and fix the problems and keep the property free of squatters or vandals or other illegal activity. This requires the cooperation of the police, the sheriff, or the code enforcement officers – which may or may not be provided. It would seem that the city or county is in a much better position to motivate the police when necessary.

Thank you for the opportunity to provide testimony to you today.