



Chair Holvey, Vice-Chair Elmer, Vice-Chair Sosa and Members of the House Committee on Business and Labor,

On behalf of the Oregon Financial Services Association (OFSA) and its members, thank you for the opportunity to provide comments in opposition to introduced House Bill 2008.

OFSA is a trade association for the consumer credit industry, founded in 1937 to promote safe, ethical lending to responsible, informed borrowers and to improve and protect consumer access to credit. We are non-bank, non-depository lenders licensed under ORS Chapter 725 that provide traditional installment loans to borrowers for personal and household purposes. We typically lend to people who have experienced past credit problems and do not have access to other traditional lenders, helping to repair our customer's credit and provide access to resources needed for everyday living.

ORS Chapter 725 licensees are supervised by the Oregon Division of Financial Regulation (ODFR) and provide the same loan product that a consumer would obtain from a bank or a credit union. We fully underwrite each loan we make, assessing a borrower's ability to pay. Our loans are also fully amortized, meaning they are repaid in manageable monthly installments made of both principal and interest. We furnish information to credit reporting agencies, allowing borrowers to establish new creditworthiness or rehabilitate damaged credit. We play a critical role in the lending industry by extending credit to consumers when others might not, thus providing valuable options to help consumers establish a good credit history so that they may eventually qualify for credit at the most competitive rates in the future.

OFSA is strongly concerned that HB 2008 could unintentionally make access to safe, reliable credit considerably more difficult for consumers in Oregon.

While various provisions of HB 2008 require additional thought and compromise, we are particularly concerned with the dramatic, almost four-fold increase to Oregon's existing wage garnishment exemption in section 3 of the bill, the modifications related to financial institutions as garnishees in section 7, and the changes affecting legal action in sections 12 and 13.

Each of these changes, even if made in isolation, could severely impact the ability of our members to pursue any useful legal action for overdue debt. This is particularly concerning for those of our members who handle and collect their own judgements.

If we do not have solutions available in the unlikely event of a default, we may no longer be able to, or may at least be hindered in providing credit to a very large portion of our existing customer base in Oregon. Again, because our customers are often people who already do not



have access to other traditional lenders, these circumstances could result in consumers having even more limited options for obtaining safe credit in this state. In other words, by living in Oregon, these consumers could potentially be legislated out of their ability to rebuild their credit.

Our members take great pride in making sure that our customers can afford the loans we extend, and that our customer's payments are a reasonable percentage of net income. That said, when a customer does default on the debt that they agreed to, we need mechanisms to be able to collect in a way that is both fair to the customer and that allows our members to continue to provide safe and affordable loans. This bill does not strike that balance at this time, and we must voice our strong opposition to the proposal as written.

While we are opposed to the bill as currently drafted, we are very eager to work with the proponents to negotiate a reasonable compromise and we welcome the opportunity for those conversations. We are committed to finding a solution that works, but without one, we respectfully ask you to vote no on HB 2008.

We Urge You to Oppose House Bill 2008 as Drafted

If you have questions, please contact Maureen McGee at (971) 610-1140