

My name is Michael Rosenberg and I represent CashCo Financial Services, Incorporated, a company I founded almost 35 years ago.

In that time, we have built an organization that is passionate about serving the credit needs of Oregonians by providing them with traditional installment loans between \$1,000 and \$6,000. These loans are paid back in equal monthly payments, usually over a 12-month period, with no hidden fees or balloon payments. We report to credit agencies so that our customers with no credit or less than stellar credit can build their credit history.

Over the years we have forged unparalleled relationships with our customers. Our motto is "Borrow from a friend." We view our customers as friends, and they view us as such, too. We are also proud to have developed an excellent reputation with both our customers and state regulators who examine our operations on a regular basis.

Over nearly 35 years of operations I have noticed that those who qualify for the smallest loans we offer, due to limited income, are often the customers who find it hardest to meet their commitments when they experience unexpected events. Illness, injury, work disruption or a loss of employment, inflation, just to mention a few, play havoc with a family's budget.

The bill being discussed is a well-intended attempt to help those Oregonians who need help from time to time when faced with these problems. What concerns me are the unintended consequences that may harm the most financially vulnerable if this bill is approved as currently drafted.

Let me explain: The extension of credit – particularly unsecured credit – demands a way of collection in the event of default. Without the provision of legal recourse, no contract is enforceable and therefore there is no contract. The result would be that the most vulnerable of our customers (in terms of limited income) would be ineligible to receive the credit they need and seek from us.

All responsible lenders go out of their way to accommodate customers who are facing financial challenges. Over the years I have worked with customers by accepting payments of \$5 and \$10 per month until the customer's situation has stabilized. I have written off tens of thousands of dollars in principal and interest to help our customers get through tough times. It is a fundamental truth that the absolute LAST thing any ethical, responsible lender wants is to seek redress through the courts. We do so only after many, many attempts to communicate and seek settlement directly with customers who sometimes, for whatever reason, refuse to respond to us.

Cutting off access to credit to these vulnerable customers will push them into the arms of unscrupulous and unregulated out-of-state lenders who charge many times more than the legal rate of interest allowed in this state. These lenders justify the risk they take by pricing that risk into the interest rate, something regulated, local companies cannot do. That would be a disadvantage to local companies who play by the rules; it would also harm customers who genuinely want to borrow from the responsible, local lenders they know and trust.

I would also point out that there is another test of fairness. Because of the increased risk this bill would impose upon us, the minimum income requirements to qualify for credit would have to be increased across the board. As a result, a minority of customers who do not keep their commitments to repay their loans would disadvantage the vast majority of customers who do repay but who would not qualify under the new requirements.

I urge the committee to consider these points when setting the minimum income threshold for garnishment of wages. We love our customers. They love us. We want to be able to keep on serving them with their credit needs when they may need a helping hand the most.