

**Testimony Submitted by  
Hanna Osman, Policy Analyst  
Oregon Consumer Justice  
To the House Committee On Commerce and Consumer Protection**

01/29/2025

Regarding: Support for HB 2561

Chair Sosa, Vice-Chair Chiachi, Vice-Chair Osborne, and Members of the Committee,

For the record, my name is Hanna Osman. I am a Policy Analyst for Oregon Consumer Justice (OCJ) and I appreciate the opportunity to testify today on behalf of OCJ in support of HB 2561.

Oregon Consumer Justice (OCJ) envisions a vibrant future where all Oregonians live with dignity and abundance and experience health, joy, and economic opportunity. We work collaboratively across policy and advocacy, community engagement, and the law, to realize a more just and equitable Oregon where people come first. For too long, flawed systems and policies have stood in the way of this reality, with communities of color most often experiencing significant harm. Informed by consumer insights, OCJ works to make financial and business transactions reliably safe and supports Oregonians in knowing and exercising their consumer rights.

Every Oregonian deserves fair and transparent banking practices that are free from predatory lenders and their exploitative tactics. Financial services need to offer consumers trustworthy tools to manage their money, not trap them in cycles of unmanageable debt.

A federal law, the Depository Institutions Deregulation and Monetary Control Act of 1980 (DIDMCA), allows state-chartered financial institutions to charge the interest rates permitted in their home state across the country. Predatory lenders exploit this loophole to sidestep Oregon's consumer protections by charging over our 36% interest rate cap.

Oregon can close this loophole by exercising its right to opt out of DIDMCA Section 521. Doing so will prevent out-of-state financial institutions from issuing loans with interest rates that exceed Oregon's cap, safeguarding consumers from exploitative lending practices. States including Iowa and Puerto Rico, have already taken this legislative step to opt out of Section 521 and Oregon should as well.

While Oregon has made strides to protect consumers' rights by eliminating licensing exemptions for financial institutions and capping interest rates at 36%, the DIDMCA loophole undermines these protections by allowing online lenders to bypass our state laws and charge excessive rates of 160% or more.

We ask that you clarify Oregon's common-sense interest rate cap and end the predatory practice that allows lenders to exploit Oregonians. Protect Oregonians from debilitating debt by joining Iowa, Puerto Rico, and Colorado in opting out of DIDMCA Section 521—prioritize consumer rights and close this federal loophole for good.

Thank you for your consideration and your service in building the future that Oregonians deserve.