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TESTIMONY IN SUPPORT OF HB 3371
Before the House Committee on Commerce and Consumer Protection

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My name is Hal Scoggins. I am an attorney with Farleigh Wada Witt, outside counsel for the GoWest Credit Union Association. Our firm also represents many individual credit unions throughout Oregon and across the U.S. I appreciate the opportunity to talk with you today about HB 3371.

What the Bill Does

This bill corrects an anomaly in the current requirements that apply when a landlord intends to sell or otherwise dispose of major items that a tenant has left abandoned on the landlord's property. Currently, ORS 90.425 requires a landlord to notify a secured party before the landlord sells or donates a manufactured home, floating home, or recreational vehicle, but not any other type of vehicle. There is no good public policy basis, or logical or factual support for this distinction between recreational vehicles and other types of vehicles. And there are strong policy reasons, logical reasons, and factual support for correcting this mistake.

Public Policy Supports This Change

If a borrower has abandoned a vehicle on property that the borrower has abandoned, it is unlikely that a credit union lender with a security interest in the vehicle will collect any further payments from that borrower. The vehicle is the likeliest source of recovery for the lender in that scenario. When the landlord is allowed to sell or otherwise dispose of the vehicle without notice to the credit union, it inflicts a loss on the credit union that should not happen. (And because the credit union is a not-for-profit organization owned by its members, that loss is ultimately borne by the entire membership.)

Landlords Can Easily Comply

Landlords can easily comply with this requirement. They are already required to do so if the vehicle is a recreational vehicle. And the same requirement applies in other situations in which the vehicle is subject to sale by a third party: mechanics who perform work on a vehicle, towing companies

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that have towed a vehicle, and storage companies with a lien for storage fees all must provide notice to the security interest holder before selling or otherwise disposing of the vehicle. (See ORS 87.196.)

A party that is required to give notice to a lienholder is entitled to obtain the owner and lienholder information from the DMV in order to send the notice. ORS 802.179(7). The DMV charges \$4 for this service, which can be done by mail. If a landlord needs the service frequently, it can establish an online account with the DMV and obtain the information electronically. There are also vendors that routinely perform this service for companies that need to do so frequently.

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