



Comments on HB 4103 – 2 amendments

Chair Holvey and Members of the Committee, I am Pam Leavitt representing the Northwest Credit Union Association. We are here in support of the -2 amendment to HB4103. I have provided you background and also want to refer you to testimony presented to this Committee on November 22, 2013 by OnPoint Community Credit Union as background. Here are some general comments on the bill and amendment:

- HB 4103 is intended to address two problems related to towing and mechanics liens, mostly with respect to vehicles: a) lienholder doesn't give proper notice of sale to owner or to secured party (i.e. credit union, bank, or other lender); and b) assertion of liens for highly inflated amounts or for services not rendered at all. Current law provides that if the notice isn't given to a secured party, the vehicle remains subject to the secured party's lien. Asserting that lien against an innocent buyer is often not a fruitful approach. There is no strong enforcement mechanism related to the lienholder that conducted the improper sale.
- The -2 amendments try a different approach, making failure to give proper notice a violation of the UTPA, and permitting an owner or secured party to stop the sale if they did not agree to the services provided or if the amount of the charges is not reasonable.
- Section 2 creates a procedure in which an owner or secured party can file a complaint with the court and file documents accompanying the complaint to show that either the owner did not agree to the service provided, or that the charges are not reasonable. The court will grant the injunction unless the owner or secured party fails to make a showing that the charges were invalid.
- Sections 3 and 4 require the lien claimant to include with the foreclosure notice a copy of the invoice or authorization for work or other evidence that the lien is valid. This is not in the current statute.
- Section 4 and Section 5 also provide that a lienholder's failure to give notice to any secured parties is a violation of the UTPA.
- This approach has several benefits:
 - It requires lienholders to support their lien claim with some evidence, which the owner or secured party can refute if appropriate.
 - It gives the existing owner, the new owner, and the secured party a UTPA action against the lien claimant. This includes the possibility of recovering statutory (sometimes referred to as punitive) damages as well as attorney fees; in other words, there is a bigger hammer to work with.
 - It creates authority for the attorney general to pursue cases against repeat or gross offenders. Again, that is a bigger hammer for the secured party and the prior and new owner of the collateral to use against the lien claimant.

Thank you, Pam Leavitt, Northwest Credit Union Association, 503-887-2336