

OREGON LAW CENTER

522 SW Fifth Avenue

Suite 812

Portland, Oregon 97204

Written Testimony in Support of SB 278 Senate Committee on Business and Transportation Submitted by: Sybil Hebb

Chair Beyer, and Members of the Committee:

Please accept my written testimony on behalf of the Oregon Law Center in support of Senate Bill 278, which would make void certain payday loans entered in violation of current law by unlicensed lenders.

As you know, the Oregon Law Center provides free legal assistance to low-income Oregonians in civil matters. Our clients are low-income individuals who fall within 125% of the federal poverty level, and who struggle just to make ends meet. These individuals and families can suffer serious setbacks as a result of unexpected school or medical expenses, repair needs, and the like. In emergency situations, without cash reserves, without family or friends from whom to borrow, and with limited other credit opportunities, these working families and individuals sometimes turn to payday lenders to resolve their short term crises.

The payday lending regulations passed by this legislature in recent years have made a big difference for our clients. We are grateful for your work on this topic.

SB 278 works to plug a small but important loophole in the current law, through which a few bad actors issuing loans without a license have continued to operate. Loans issued by unlicensed lenders in violation of the current requirements are voidable, but are not automatically void. Under this structure, the burden of voiding a loan issued in violation of the law now falls on borrowers, who face barriers in finding and affording the help they need in order to enforce the law. The change proposed by SB 278 will plug the current loophole and lessen the burden on borrowers who have entered illegal loan agreements with unlicensed lenders, by voiding the improper loan. This will help reduce the number of loans issued in violation by the few bad actors exploiting this loophole.

SB 278 will help implement the important protection for consumers in payday lending, while continuing to allow the business model for law-abiding lenders whose product is important for those times when a consumer has no other option but to seek a payday loan.

For these reasons, I urge your support of this bill, and thank you very much for the opportunity to comment.