



February 5, 2020

RE: Support for Senate Bill 1540

Chair Prozanski, Vice-Chair Thatcher, and Members of the Senate Committee on Judiciary:

Hacienda is the lead member of Oregon Stop the Debt Trap Oregon Alliance, also known as OSTDA. OSTDA, envisioned in 2017 and formed in 2018, is dedicated to wealth building, poverty alleviation, consumer protection and fair lending practices.

Hacienda CDC is a Latino Community Development Corporation that strengthens families by providing affordable housing, homeownership support, economic advancement and educational opportunities. One of the opportunities we provide families is homeownership counseling and mortgage lending, which enable families and individuals to build assets for themselves and future generations. The homebuying process is frequently impeded by student debt loads and the credit challenges it creates.

At this moment, outstanding student loans have almost reached the 1.6 trillion-dollar mark nationally. Over \$18 billion is owed by Oregon residents alone. This debt, which was entered into in the good faith that higher education will lead to better paying jobs, is trapping low-income individuals for years as they struggle to make their payments.

This issue is not affecting everyone equally. In Oregon, 13% of all student loan holders have had student loan debt in collections while an astonishing 50% of students of color loan borrowers have their student loan debt in collections.

The issue is so monumental that is affecting both younger and older generations. It is frequently the case that parents and even grandparents are assisting their children and grandchildren to pay off their student debt. According to the Consumer Financial Bureau, in 2017 alone, "The number of older borrowers increased by at least 20 percent in every state, including the District of Columbia and Puerto Rico, and the number of older borrowers increased by 46 percent or more in half of all states." In Oregon, the number of older borrowers with student loan debt increased by 30% between 2012 and 2017, to a total of over 44,000.

This trend is depleting resources and the safety net that older adults built for their retirement. As the burden expands to all age groups, we are creating a financial crisis that will be difficult to repair.

At Hacienda today, we are working with over 210 clients to buy homes, most of which are of Latino descent and other minorities. For over a third of these potential homeowners, the great American Dream of owning their own home may never become a reality. Their student debt burden is much greater than their income, making it almost impossible for them to obtain a mortgage loan.

This bill in front of you today, SB 1540, will create a licensing process for student loan servicers which will require them to abide by a set of common-sense standards that protect student loan borrowers. Hacienda and OSTDA strongly support this bill and believe that the State of Oregon



has the responsibility to protect consumers from predatory student loan practices. Because of this, I ask this committee to pass Senate Bill, (SB 1540).

Thank you for the opportunity to submit testimony in support of SB 1540.

Sincerely,

A handwritten signature in purple ink, appearing to read "Ernesto Fonseca", with a large, stylized flourish at the end.

Ernesto Fonseca, PhD
Chief Executive Officer
Hacienda CDC