



SUPPORT SENATE BILL 1556

Protect Consumers' Access to Mortgage Loans at Community Banks

Community Banks of Oregon represents banks headquartered in our state. On behalf of these banks and all community banks doing business in Oregon we urge you to support **Senate Bill 1556**. The bill prohibits a county from suing lenders for recording fees for assignments of their trust deed loans that were never sent to the county for recording. The county did not incur the cost of recording, and is not entitled to a recording fee. Moreover, there is no statutory requirement to record these assignments.

The bill is needed because a lawsuit (the second one) has been filed by an attorney representing various counties seeking at least \$50 million from banks for fees for documents not recorded. For the Oregon community banks named as defendants, it is costing thousands in attorney's fees. Some have even stopped making any residential mortgage loans due to these lawsuits.

Community banks who need to obtain Fannie Mae and Freddie Mac financing for their mortgage loan business are **REQUIRED** to either use an electronic system that does not permit them to record assignments or otherwise assign the loan in documentation that is not recorded in the county. Community banks must maintain access to Fannie Mae and Freddie Mac financing in order to continue to make residential mortgage loans in their communities, especially 30-year fixed rate loans that are generally considered to be the safest, lowest cost loans for homebuyers. Interest rates on "conforming" loans assigned to Fannie or Freddie are generally significantly lower than other options in the marketplace.

All across the country, banks are using the same electronic system. It would be a shame if Oregon banks were forced to exit the mortgage lending business based on lawsuits over practices dictated by rules banks do not control.

Oregonians, especially in rural and underserved areas, need community banks to stay in the residential mortgage lending business. They need the choice and access to safe products and the best interest rates. We all benefit from a competitive market for mortgage loans in Oregon.

Please Support Senate Bill 1556.

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