

HOUSE COMMITTEE ON RULES, REDISTRICTING, AND PUBLIC AFFAIRS

February 12, 2001
1:30 PM

Hearing Room D
Tapes 17 - 18

MEMBERS PRESENT: Rep. Carl Wilson, Chair
Rep. Richard Devlin, Vice-Chair
Rep. Dan Doyle, Vice-Chair
Rep. Dan Gardner
Rep. Bill Garrard
Rep. Steve March
Rep. Bruce Starr
Rep. Joanne Verger

MEMBER EXCUSED: Rep. Cherryl Walker

STAFF PRESENT: Cara Filsinger, Committee Administrator
Jennifer Goodman, Committee Assistant

MEASURE/ISSUES HEARD: Introduction of Committee Bills
HB 2701 Public Hearing
HB 2702 Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 17, A		
004	Chair Wilson	Calls meeting to order at 1: 34 p.m. Opens a work session.
<u>INTRODUCTION OF COMMITTEE BILLS</u>		
009	Rep. Starr	MOTION: Moves LC 2795 BE INTRODUCED as a committee bill. VOTE: 8-0 EXCUSED: 1 - C. Walker
012	Chair Wilson	Hearing no objection, declares the motion CARRIED.
012	Chair Wilson	Closes the work session and opens a public hearing on HB 2701 and HB 2702.
<u>HB 2701 AND HB 2702 PUBLIC HEARING</u>		
013	Chair Wilson	States that he will devote a lot of time this week on these issues. Adds that they will then pick up these issues again the subsequent week.
022	Don Miner	Oregon Manufactured Housing Association. Supports HB 2701 and HB 2702. States that he has proposed this bill along with Manufactured Homeowners of Oregon, Inc./OSTA. Discusses the history of Oregon Manufactured Housing Association.
043	Curtis Richards	Palm Harbor Homes. Reviews his background, holdings, membership, and revenue. States that Oregon is the tenth largest producer of manufactured homes in the United States. Describes that they ship most out to other Western States. Adds that 70% of their homes reside on private property and that 98% are multi-sectioned. Adds that he created a task force to review the industry's practices.
126	Robert Schoos	The Schoos Group. Explains the initiatives they are currently

		taking to the national and state levels. States that ‘Lenders Best Practices’ workgroup reviews lender’s relationships with others in the industry. Adds that it is voluntary participation. States that they follow standards and are subject to annual audits. Discusses Midex (mortgage industry data exchange) which is a program that acts as an industry watchdog. Explains ‘Right at Home’ which is a program that handles dispute resolution through mediation. Offers a course on training sales representatives including classes on the codes of the industry.
244	Don Miner	Submits and refers to (EXHIBIT A) . Explains park packages in regard to HB 2702 and the disclosure of fees by the park owner to the renter. Asks to work on this bill because of the convoluted wording. Discusses HB 2701 regarding the disclosure of pre-paid rent. Explains that retailers often finance the payment of park rent to relieve the consumer of the responsibility. Adds that park owners are often not aware that this is being done and at the end of the agreement the tenant can eventually default on a loan. Recommends full disclosure to the park owner, renter, and the lender.
382	Chair Wilson	Reminds the audience that there are two public hearings open, for HB 2701 and HB 2702.
386	Rep. Doyle	Asks Mr. Miner if there have been other problems in the past regarding the park packages.
396	Miner	Responds that by enforcing full disclosure to all he is hoping to put a stop to game playing and head off possible problems in the future.
TAPE 18, A		
000	Rep. Doyle	States that the lenders will see all they are financing which will curtail the financing of the park packages and the pre-paid rent and go back to the cost of the manufactured home.
006	Miner	States they are hoping to curtail pre-paid rent and have the lender become an ally of the consumer and help them make wise decisions.
013	Richards	States that if the consumer gets a detailed list of the park package he can then go out and do some comparative shopping.
025	Rep. Doyle	Asks about the number of defaults after prepay. Asks also what happens when the loan defaults.
033	Miner	Responds that there are a large number of repossessed manufactured homes in Oregon. Adds that the cost usually is the responsibility of the lender that ultimately leads them to raise interest rates.
047	Chair Wilson	Asks for some background regarding HB 2702. Adds that he wants particulars regarding section 2 and the seller’s obligation and section 5 regarding landlords.
056	Miner	Responds that section 5 requires the landlord to disclose all costs to the renter before a contract is entered into. Hopes that the landlord will be required to let the renter know about existing law under ORS 90.525.
075	Chair Wilson	Asks if the park owner can profit from choosing the park package provider.
077	Miner	Responds that it is possible. Adds that full disclosure by the owner would help both the owner and renter. Discusses section 5, and requests it to be rewritten. Adds that the owner or supplier are the ones to offer full cost disclosure. States that the Attorney

103	Chair Wilson	General's proposal is more detailed than this bill.
104	Rep. Garrard	Notes that the Attorney General's office will be speaking shortly. Asks about HB 2702 and how the owners have avoided full cost disclosure and at the same time comply with truth in lending laws.
108	Miner	Believes that most do comply with some sort of bottom line disclosure but not in the detail he would like to see.
117	Schoos	States that finance charges and cost do not always reflect the element of the sale itself.
121	Miner	Proposes that the consumer should know exactly what they are getting.
132	Rep. Verger	Asks how disclosure alone will take care of all the problems.
146	Miner	Responds that the disclosure he is referring to affects the landlord, buyer, and lender. Adds that the landlord can refuse to go into an agreement with a tenant who has pre-paid rent. Accepts that this bill does not solve all problems.
196	Cheryl Pellegrini	Department of Justice. Submits and testifies from (EXHIBIT B) . States that she will review the Attorney General's task force and give an overview of the process, findings, results and how these relate to HB 2701.
203	Chair Wilson	Asks what triggered the formation of this task force.
205	Pellegrini	Responds that they have received many complaints by consumers regarding sales practices of manufactured homes, park owners, manufacturers themselves, and contractors. Describes the formation and process of the task force. Three findings emerged: <ul style="list-style-type: none"> • Tenant and park owner relationships • Sales transaction practices • Financing Adds that a draft report is being composed at this time and will be presented to the Attorney General for review, perhaps completed by February 14. Continues that the draft will be posted on the department's website. States that the Attorney General's office has a concept that states the provider of the park package must give to the buyer a written very detailed description of their package so that the buyer can comparison shop. Adds that the owners must inform providers of park packages whether items are site improvements and which will be the tenant's property. Asks that the committee make a conceptual amendment.
339	Pat Schwock	Manufactured Homeowners of Oregon. Expresses concern with the amount of paperwork involved in the disclosure process. Believes that most people do not read it all. States that she does not have a remedy.
388	Chair Wilson	Asks about her thoughts on the Attorney General's conceptual amendment.
390	Schwock	Believes that the industry needs a lot of help and most anything would be a benefit.
402	Rep. Verger	Asks if Ms. Schwok is representing renters.
405	Schwock	Responds that she represents the Manufactured Homeowners of Oregon.
368	Rep. Verger	Asks if her opinion is solicited when these issues arise.
412	Schwock	Replies that in 1997 she started working on a 15-member

433	Rep. Verger	coalition. Adds that there are now 32 members and that they are looking into legislation.
437	Schwock	Asks if her reference to too much paperwork is a result of legislation.
TAPE 17, B		Replies that that is not necessarily true.
000	Schwock	States that the paperwork is growing and is unsure of the remedy.
010	Chair Wilson	States that he intends to pursue these two bills. Adds that HB 2701 will be reviewed and referred back to. States that he wants to form a work group on 2702.
029	Chair Wilson	Closes public hearing on HB 2701 and HB 2702. Adjourns the meeting at 2:27 PM.

Submitted By,

Reviewed By,

Jennifer Goodman,
Committee Assistant

Cara Filsinger,
Committee Administrator

EXHIBIT SUMMARY

A – HB 2701 and HB 2702, written testimony, Don Miner, 2 pp.

B – HB 2702, written testimony, Cheryl Pellegrini, 2 pp.