

Loan denials common for Oregon pot workers

By Joseph Ditzler
The Bulletin

BEND (AP) — When Melissa Johnson needed a new car last summer, she bought a used Kia Soul from the dealership in Bend.

She drove away with an affordable payment and relatively low interest rate on an auto loan. But a week later, she said, she received a call: “You need to come into the dealership.”

Turns out, Johnson said in March, financing was denied because her income comes from her job in customer service at Bloom Well, a retail marijuana shop on Division Street in Bend.

The sales staff at the dealership, which declined to comment for this story, tried to find a solution for Johnson.

“They assured me that they’d work with me to keep me in the car,” she said. “The head guy kept on it until they found someone who’d work with me, but at a higher interest rate and a higher payment.”

Marijuana may be legal in Oregon, but it’s still criminalized under federal law. That means most banks, which are federally regulated, shun marijuana businesses as too risky.

But even the employees of marijuana growers, processors, wholesalers and retailers face obstacles when they apply for car loans, home mortgages and other consumer financing.

Credit unions, including Selco Community Credit Union and locally based Mid Oregon Credit Union, have no problem lending to workers with paychecks from marijuana businesses, but many large banks, including Bank of America and Wells Fargo, will not.

“It is currently Wells Fargo’s policy not to provide auto loans or mortgage loans to employees of marijuana businesses,” Tom Unger, a bank spokesman in Portland, wrote in an email. “We are a federally chartered bank and based on federal laws, the sale and use of marijuana is still illegal.”

Kris Yamamoto, a spokesman for Bank of America, wrote in an email that any income derived from “a business activity not permitted by federal law could not be considered for loan purposes.”

At Mid Oregon Credit Union, in Bend, CEO Bill Anderson said that as long as the applicant is qualified, with a steady paycheck, an occupation is not necessarily a factor. But the credit union will not make a commercial loan to a marijuana business.

“If you have W-2 income from a dispensary or some other marijuana-related

business, that’s OK,” he said. “It’s the business itself we have a lot of trouble with.”

Selco Community Credit Union also accepts loan applications from members who work in the marijuana business, but not the business owners.

“From our perspective, it’s just another employee and eligible just like anybody else,” said Laura Illig, Selco vice president of marketing.

Banks and credit unions may deny a loan for any number of reasons, as long as race, gender or national origin do not play a part, said Hal Scoggins, president of Farleigh Wadda Witt, a Portland law firm that specializes in banking and finance. As for dealing with individual borrowers who work with marijuana, he said no one policy prevails.

Lenders view risk in many forms, not just a borrower’s ability to pay. Banks and credit unions may be concerned that employees of a marijuana shop may use their personal vehicle to make deliveries or use the property they purchased with a mortgage to set up a marijuana growing operation.

“That makes it possible that the feds could do a forfeiture action because (the property) is used in that activity. The lender would normally have the innocent lender defense: ‘I loan you money to buy a house and 10 acres and you end up using the property to grow marijuana,’” Scoggins said. “If I know you’re using that property to grow marijuana, I don’t have that innocent-lender defense and that puts my security at risk.”

At Robberson Ford in Bend, business manager Aaron McCann said car buyers who

finance their purchases often do not need to show proof of income, if their credit scores are high enough. But credit reports often state where the applicant works, he said. The dealership sales force doesn’t discriminate against marijuana employees looking for automobiles, McCann said.

“I just want to sell cars,” he said. “It’s our policy, no matter who comes on the lot, no matter what their field of business and how much they make, that everyone is treated with respect. Our policy is to let the lending institution decide.”

The cannabis workforce is growing. The Oregon Liquor Control Commission has issued nearly 8,500 marijuana-worker permits, including some to seasonal workers from

beyond Oregon, even in Canada, Mexico and Europe, said Mark Pettinger, spokesman for the OLCC Recreational Marijuana Program. Another 5,178 permits were approved but not issued until the applicant pays a fee, he said.

Any employee who handles marijuana must have a permit; however, support staff such as bookkeepers, marketing specialists, or tech support workers do not, he said. Numbers of permits by county were not available, he said.

Travis Eno, a “cannabis consultant,” or customer service representative, at Jenny’s Dispensary on NE Third Street in Bend, said he, too, was initially turned down for a loan last year when he tried to purchase a used

Ford F-150 pickup truck at Hertz Car Sales in Bend. A former Marine equipment operator with two tours in Iraq, Eno said he works about 20 hours a week at the dispensary.

“They ran the loan application through 30 different finance agencies before they found one,” he said. Some declined his application, citing his income from an activity considered illegal under federal law, he said.

The auto loan denials have Eno concerned about obtaining a mortgage. His wife’s income is on that application, but not his, he said.

“We talk so much about the good things in the industry, but there’s a dark circle around the people in it,” Eno said.



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