

House Bill 3312

Sponsored by Representative ALONSO LEON

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Prohibits title loan lender and payday loan lender from making new title loan or payday loan within seven days of date on which any title loan or payday loan expires, including title loans or payday loans from other title loan lenders or payday loan lenders.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to lenders that offer short-term consumer loans secured by certain consumer property;
3 creating new provisions; amending ORS 725A.062 and 725A.064; and prescribing an effective
4 date.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 725A.062 is amended to read:

7 725A.062. A title loan lender may not:

8 (1) Make or renew a title loan at a rate of interest that exceeds 36 percent per annum, excluding
9 a one-time origination fee for a new loan.

10 (2) Charge during the term of a new title loan, including all renewals of the loan, more than one
11 origination fee of \$10 per \$100 of the loan amount or \$30, whichever is less.

12 (3) Make or renew a title loan for a term of less than 31 days.

13 (4) Make or renew a title loan to a consumer without forming a good faith belief that the con-
14 sumer has the ability to repay the title loan. In forming a good faith belief, the title loan lender shall
15 consider factors that the Director of the Department of Consumer and Business Services specifies
16 by rule. A title loan lender complies with this subsection if the title loan lender meets the conditions
17 the director specifies.

18 (5) Charge a consumer a fee or interest other than a fee or interest described in subsection (1)
19 or (2) of this section or in ORS 725A.060 (1)(c) or (d).

20 (6) Include in a title loan contract:

21 (a) A hold-harmless clause;

22 (b) A confession of judgment or other waiver of the right to notice and the opportunity to be
23 heard in an action;

24 (c) A provision in which the consumer agrees not to assert against the lender or a holder in due
25 course a claim or defense arising out of the contract;

26 (d) An executory waiver or a limitation of exemption from attachment, execution or other pro-
27 cess on real or personal property the consumer holds, owns or is due, unless the waiver or limitation
28 applies only to property that is subject to a security interest executed in connection with the loan;
29 or

30 (e) A clause that permits interest to continue after the consumer's motor vehicle, recreational

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 vehicle, boat or mobile home has been repossessed.

2 (7) Require or accept from a consumer a set of keys to the motor vehicle, recreational vehicle,
3 boat or mobile home the title to which secures the title loan.

4 (8) Make more than one outstanding title loan that is secured by one title.

5 (9) Renew an existing title loan that is secured by one title more than two times after the loan
6 is first made.

7 (10) Make a new title loan to a consumer within seven days of the date on which [a] **any** pre-
8 vious title loan **or payday loan** expires, **including a title loan or payday loan from another title**
9 **loan lender or payday loan lender.**

10 **SECTION 2.** ORS 725A.064 is amended to read:

11 725A.064. A payday loan lender may not:

12 (1) Make or renew a payday loan at a rate of interest that exceeds 36 percent per annum, ex-
13 cluding a one-time origination fee for a new loan.

14 (2) Charge during the term of a new payday loan, including all renewals of the loan, more than
15 one origination fee of \$10 per \$100 of the loan amount or \$30, whichever is less.

16 (3) Make or renew a payday loan for a term of less than 31 days.

17 (4) Charge a consumer a fee or interest other than a fee or interest described in subsection (1)
18 or (2) of this section or in ORS 725A.060 (1)(c) or (d).

19 (5) Include in a payday loan contract:

20 (a) A hold-harmless clause;

21 (b) A confession of judgment or other waiver of the right to notice and the opportunity to be
22 heard in an action;

23 (c) A provision in which the consumer agrees not to assert against the lender or a holder in due
24 course a claim or defense arising out of the contract; or

25 (d) An executory waiver or a limitation of exemption from attachment, execution or other pro-
26 cess on real or personal property the consumer holds, owns or is due, unless the waiver or limitation
27 applies only to property that is subject to a security interest executed in connection with the loan.

28 (6) Renew an existing payday loan more than two times.

29 (7) Make a new payday loan to a consumer within seven days of the date on which [a] **any**
30 previous payday loan **or title loan** expires, **including a payday loan or title loan from another**
31 **payday loan lender or title loan lender.**

32 **SECTION 3.** The amendments to ORS 725A.062 and 725A.064 by sections 1 and 2 of this
33 2019 Act apply to payday loans and title loans that a payday loan lender or title loan lender
34 issues or renews on or after the operative date specified in section 4 of this 2019 Act.

35 **SECTION 4.** (1) The amendments to ORS 725A.062 and 725A.064 by sections 1 and 2 of this
36 2019 Act become operative on January 1, 2020.

37 (2) The Director of the Department of Consumer and Business Services may adopt rules
38 and take any other action before the operative date specified in subsection (1) of this section
39 that is necessary to enable the director, on and after the operative date specified in sub-
40 section (1) of this section, to exercise or undertake the duties, functions and powers con-
41 ferred on the director by the amendments to ORS 725A.062 and 725A.064 by sections 1 and 2
42 of this 2019 Act.

43 **SECTION 5.** This 2019 Act takes effect on the 91st day after the date on which the 2019
44 regular session of the Eightieth Legislative Assembly adjourns sine die.