

HB 3178 -1 STAFF MEASURE SUMMARY

House Committee On Commerce and Consumer Protection

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Meeting Dates: 2/4, 3/27

WHAT THE MEASURE DOES:

The measure reduces the number of days allowed from 14 to 4 for a holder of a valid and current vehicle dealer certificate to find a lender to purchase the retail instalment contract or lease agreement or to accept the installment contract terms themselves or reject the terms and void the contract after the 4 days. The measure requires that in the event of a rejection the seller must return all items of value that were part of the transaction. The measure outlines several eventualities if a trade-in vehicle, that is part of the transaction, is sold by the dealer before the dealer voids the contract.

ISSUES DISCUSSED:

- How the car buying process would change with a 4-day time limit
- The cost of adoption for vehicle dealers
- The number of days needed to complete a vehicle transaction

EFFECT OF AMENDMENT:

-1 The amendment includes a retail installment contract disclosure, that includes a right to cancel the transaction within 10 calendar days and contact information for the Oregon Bar and the Oregon Department of Justice if the dealer fails to comply. The amendment also specifies what happens if the seller sells the trade in or pays off the existing loan on the trade in before receiving final approval of funding from the lender.

Fiscal: Minimal Fiscal Impact

Revenue: No Revenue Impact

BACKGROUND:

In the course of selling cars on days when financial institutions are closed car dealers can make deals contingent on financing. The dealer will look for a financial institution willing to take the loan at the terms that were negotiated. If no financial institution is willing to accept the terms the dealer must undo the transaction. Under current law the dealer has 14 days to try to find a financial institution to purchase the instalment contract or lease agreement.

HB 3178 shortens the statutory time allowed for an auto dealer to finalize a lending agreement after a transaction has been completed from 14 days to 4 days and requires the return of items of value in the transaction if the transaction is voided through a rejection of the terms of the deal by the auto dealer.