

B-Engrossed House Bill 3178

Ordered by the Senate April 29
Including House Amendments dated April 4 and Senate Amendments
dated April 29

Sponsored by Representative SOSA, Senator TAYLOR; Representatives CHOTZEN, GRAYBER, LIVELY, Senators CAMPOS, FREDERICK, PATTERSON (at the request of Oregon Consumer Justice) (Presession filed.)

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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Sets out rules a seller must follow when making a sale or lease of a motor vehicle that involves installment payments. (Flesch Readability Score: 60.6).

Requires a seller in a motor vehicle transaction that involves a retail installment contract or lease agreement to make a good faith effort to sell the retail installment contract or lease agreement to a lender on the exact terms that the seller and buyer negotiated. Requires the seller to undertake certain actions if the lender does not agree to buy the retail installment contract or lease agreement within 10 calendar days after the buyer takes possession of the motor vehicle.

Prohibits the seller from selling or paying off a loan balance for any trade-in vehicle that is part of the transaction before receiving a lender's final approval of funding. Specifies the liabilities a seller has for failing to comply with the prohibitions.

Requires the seller to provide the buyer with certain disclosures before concluding the transaction.

Punishes a violation of the Act as an unlawful practice under the Unlawful Trade Practices Act.

A BILL FOR AN ACT

Relating to conditions for financing a transaction involving a motor vehicle; creating new provisions; and amending ORS 646.608 and 646A.090.

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

SECTION 1. ORS 646A.090 is amended to read:

646A.090. (1) As used in this section:

(a) "Buyer" means a person that purchases **a motor vehicle from a seller** or leases a motor vehicle **from a lessor**.

(b) "Final approval of funding" means a lender's irrevocable agreement to purchase a retail installment contract or lease agreement from a seller according to the exact terms that the seller and buyer have negotiated.

(c) "Lender" means a person that purchases **from a seller** a retail installment contract or lease agreement for a motor vehicle.

(d) "Motor vehicle" means a motor vehicle, as defined in ORS 801.360, that is sold or leased in this state for personal, family or household purposes.

(e) "Seller" means a person that holds a current, valid vehicle dealer certificate issued under ORS 822.020.

(2) A seller may offer to sell or lease a motor vehicle to a buyer or prospective buyer under a retail installment contract or lease agreement that is subject to a lender's agreement to purchase the retail installment contract or lease agreement into which the buyer enters.

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.

(3)(a) In any transaction described in subsection (2) of this section, a seller shall provide to a buyer before concluding the transaction a conspicuous notice written in the English language, separate from all other documents that the seller provides to the buyer, that reads:

RETAIL INSTALLMENT CONTRACT DISCLOSURE

Seller Information:

Name: _____

Address: _____

Phone: _____

Buyer Information:

Name: _____

Address: _____

Phone: _____

Vehicle Information:

Make: _____

Model: _____

Year: _____

VIN: _____

Mileage: _____

Right to Void:

You have a right to void this vehicle transaction if a lender does not agree to purchase the Retail Installment Contract on the exact terms that you and the seller negotiated within ten (10) calendar days after you take possession of the motor vehicle.

Seller's Failure to Comply:

If the seller refuses to comply with your right to void the Retail Installment Contract, you may wish to consult with a lawyer. You can contact the Oregon State Bar's Lawyer Referral Service at: _____.

You may also contact the Consumer Hotline at the Oregon Department of Justice at: (____) _____ or file a complaint online at: _____.

Acknowledgement and Signature:

By signing below, you acknowledge receiving this disclosure and that you understand the terms and rights outlined above.

Seller's signature: _____

Date: _____

Buyer's signature: _____

Date: _____

Availability of Disclosure in Multiple Languages:

This disclosure is available in multiple languages upon request. Please ask the seller if you would like to receive this document in a language other than English.

(b) The Attorney General shall provide a model form for the disclosure described in paragraph (a) of this subsection. In providing the model form, the Attorney General shall:

(A) Write an original version of the form in the English language using the text shown in paragraph (a) of this subsection;

(B) Translate the form into Spanish, Vietnamese, Chinese, Russian and Korean and make the English language version and all translated versions of the form available for download on the Attorney General's website; and

(C) Include at the bottom of each version of the form a statement, written in English and in each of the languages listed in subparagraph (B) of this paragraph, that reads: "This disclosure form is available in multiple languages upon request. Please ask the seller if you would like to receive this document in a language other than English."

(c) A seller shall make good faith efforts to sell the retail installment contract or lease agreement to a lender on the exact terms that the seller and buyer negotiated.

[(a)] (d) If, within [14] 10 calendar days after a buyer takes possession of a motor vehicle, a lender does not agree to purchase a retail installment contract or lease agreement on the exact terms that the seller and the buyer negotiate and the seller does not receive final approval of funding from the lender, the seller shall *[return to the buyer all items of value the seller received from the buyer as part of the transaction; and]*:

(A) Unconditionally accept the retail installment contract or lease agreement after satisfying, removing or waiving any conditions on the seller's acceptance or performance, including financing, assignment, lease approval and delivery and finance the transaction under the exact terms to which the seller and buyer previously agreed; or

(B) Reject the retail installment contract or the lease agreement and thereby void the transaction.

(e) If the seller chooses to void the transaction as described in paragraph (d)(B) of this subsection, the seller shall:

(A) Send, within two days after the period described in paragraph (d) of this subsection expires, a notice by first class mail and written electronic communication, unless the buyer declines to receive the notice in one of those forms, stating that a lender has not agreed to

1 **purchase the retail installment contract or lease agreement and that the seller has chosen**
 2 **to void the transaction; and**

3 **(B) Return to the buyer all items of value the seller received from the buyer as part of**
 4 **the transaction.**

5 **(f) If the seller neither affirmatively accepts the retail installment contract as provided**
 6 **in paragraph (d)(A) of this subsection nor expressly rejects and voids the transaction as**
 7 **provided in paragraph (d)(B) of this subsection, the seller has chosen to void the retail in-**
 8 **stallment contract as provided in paragraph (d)(B) of this subsection.**

9 *[(b)]* **(g) If the seller has accepted a trade-in motor vehicle from the buyer, the seller may not**
 10 **sell, [or] lease or pay off an outstanding loan balance that the buyer owes on the buyer's**
 11 **trade-in motor vehicle before the seller receives final approval of funding from the lender.**

12 **(h) If, before receiving final approval of funding from the lender, the seller:**

13 **(A) Sells the trade-in motor vehicle, the seller is liable to the buyer for the greater of:**

14 **(i) The amount of the payoff balance for the loan on the trade-in motor vehicle;**

15 **(ii) The trade-in value of the trade-in motor vehicle; or**

16 **(iii) Any payment the seller received from selling the trade-in motor vehicle.**

17 **(B) Sells the trade-in motor vehicle and pays off the outstanding loan balance that the**
 18 **buyer owes, the seller is liable to the buyer as provided in subparagraph (A) of this para-**
 19 **graph, less the amount the seller paid on the outstanding loan balance.**

20 **(C) Pays off the outstanding loan balance that the buyer owes on the trade-in motor ve-**
 21 **hicle but does not sell the trade-in motor vehicle, the seller must return the trade-in motor**
 22 **vehicle to the buyer and finance the balance of the outstanding amount that the buyer owed**
 23 **on the trade-in motor vehicle on the same terms and conditions that applied to the loan that**
 24 **the buyer originally had for the trade-in motor vehicle.**

25 **(4) In any transaction described in subsection (2) of this section or in instances in which the**
 26 **seller voids a transaction as provided in subsection (3)(d)(B) of this section, if the buyer has**
 27 **accepted a motor vehicle from the seller that is subject to a retail installment contract or lease**
 28 **agreement, and a lender does not agree to purchase the retail installment contract or lease agree-**
 29 **ment on the exact terms the seller and the buyer negotiated, the buyer shall return to the seller all**
 30 **items of value the buyer received from the seller as part of the transaction. The seller may charge**
 31 **the buyer only for [amounts that the retail installment contract or lease agreement provides in writing**
 32 **that the seller may charge. The retail installment contract or lease agreement may provide only for**
 33 **these amounts:]**

34 *[(a)]* **the fair market value of damage to, excessive wear and tear on or loss of the motor vehicle**
 35 **that occurs between the date the buyer takes possession of the motor vehicle and the date the buyer**
 36 **returns the motor vehicle to the seller's custody[; and], and only if the retail installment contract**
 37 **or lease agreement provides for the charge in writing.**

38 *[(b) If, within 14 days after the date on which the buyer takes possession of the motor vehicle, the*
 39 *seller sends notice to the buyer by first class mail or written electronic communication that a lender*
 40 *has not agreed to purchase the retail installment contract or lease agreement, a reasonable charge per*
 41 *mile for the use of the motor vehicle. The charge may not exceed the rate per mile allowed under federal*
 42 *law as a deduction for federal income tax purposes for an ordinary and necessary business expense.]*

43 *[(5) If the buyer makes a reasonable attempt to return the vehicle within five days after the seller*
 44 *sends a notice under subsection (4)(b) of this section, but the seller is not available to accept the return,*
 45 *the seller may not charge the buyer under subsection (4)(b) of this section.]*

1 [(6)(a)] **(5)(a)** Subject to paragraph (b) of this subsection, a seller has an affirmative defense to
 2 a claim or charge of violating subsection [(3)(a)] **(3)(d)** of this section by showing that the buyer
 3 failed to return the motor vehicle after the seller sent the notice described in subsection [(4)(b)]
 4 **(3)(e)(A)** of this section.

5 (b) A seller shall retain proof of the date on which the seller sent to the buyer the notice de-
 6 scribed in subsection [(4)(b)] **(3)(e)(A)** of this section.

7 **SECTION 2.** ORS 646.608, as amended by section 6, chapter 410, Oregon Laws 2023, is amended
 8 to read:

9 646.608. (1) A person engages in an unlawful practice if in the course of the person's business,
 10 vocation or occupation the person does any of the following:

11 (a) Passes off real estate, goods or services as the real estate, goods or services of another.

12 (b) Causes likelihood of confusion or of misunderstanding as to the source, sponsorship, ap-
 13 proval, or certification of real estate, goods or services.

14 (c) Causes likelihood of confusion or of misunderstanding as to affiliation, connection, or asso-
 15 ciation with, or certification by, another.

16 (d) Uses deceptive representations or designations of geographic origin in connection with real
 17 estate, goods or services.

18 (e) Represents that real estate, goods or services have sponsorship, approval, characteristics,
 19 ingredients, uses, benefits, quantities or qualities that the real estate, goods or services do not have
 20 or that a person has a sponsorship, approval, status, qualification, affiliation, or connection that the
 21 person does not have.

22 (f) Represents that real estate or goods are original or new if the real estate or goods are de-
 23 teriorated, altered, reconditioned, reclaimed, used or secondhand.

24 (g) Represents that real estate, goods or services are of a particular standard, quality, or grade,
 25 or that real estate or goods are of a particular style or model, if the real estate, goods or services
 26 are of another.

27 (h) Disparages the real estate, goods, services, property or business of a customer or another
 28 by false or misleading representations of fact.

29 (i) Advertises real estate, goods or services with intent not to provide the real estate, goods or
 30 services as advertised, or with intent not to supply reasonably expectable public demand, unless the
 31 advertisement discloses a limitation of quantity.

32 (j) Makes false or misleading representations of fact concerning the reasons for, existence of,
 33 or amounts of price reductions.

34 (k) Makes false or misleading representations concerning credit availability or the nature of the
 35 transaction or obligation incurred.

36 (L) Makes false or misleading representations relating to commissions or other compensation to
 37 be paid in exchange for permitting real estate, goods or services to be used for model or demon-
 38 stration purposes or in exchange for submitting names of potential customers.

39 (m) Performs service on or dismantles any goods or real estate if the owner or apparent owner
 40 of the goods or real estate does not authorize the service or dismantling.

41 (n) Solicits potential customers by telephone or door to door as a seller unless the person pro-
 42 vides the information required under ORS 646.611.

43 (o) In a sale, rental or other disposition of real estate, goods or services, gives or offers to give
 44 a rebate or discount or otherwise pays or offers to pay value to the customer in consideration of
 45 the customer giving to the person the names of prospective purchasers, lessees, or borrowers, or

1 otherwise aiding the person in making a sale, lease, or loan to another person, if earning the rebate,
2 discount or other value is contingent upon an event occurring after the time the customer enters
3 into the transaction.

4 (p) Makes any false or misleading statement about a prize, contest or promotion used to publi-
5 cize a product, business or service.

6 (q) Promises to deliver real estate, goods or services within a certain period of time with intent
7 not to deliver the real estate, goods or services as promised.

8 (r) Organizes or induces or attempts to induce membership in a pyramid club.

9 (s) Makes false or misleading representations of fact concerning the offering price of, or the
10 person's cost for real estate, goods or services.

11 (t) Concurrent with tender or delivery of any real estate, goods or services, fails to disclose any
12 known material defect or material nonconformity.

13 (u) Engages in any other unfair or deceptive conduct in trade or commerce.

14 (v) Violates any of the provisions relating to auction sales, consignment sales, auctioneers,
15 consignees or auction marts under ORS 698.640, whether in a commercial or noncommercial situ-
16 ation.

17 (w) Manufactures mercury fever thermometers.

18 (x) Sells or supplies mercury fever thermometers unless the thermometer is required by federal
19 law, or is:

20 (A) Prescribed by a person licensed under ORS chapter 677; and

21 (B) Supplied with instructions on the careful handling of the thermometer to avoid breakage and
22 on the proper cleanup of mercury should breakage occur.

23 (y) Sells a thermostat that contains mercury, unless the thermostat is labeled in a manner to
24 inform the purchaser that mercury is present in the thermostat and that the thermostat may not be
25 disposed of until the mercury is removed, reused, recycled or otherwise managed to ensure that the
26 mercury does not become part of the solid waste stream or wastewater. For purposes of this para-
27 graph, "thermostat" means a device commonly used to sense and, through electrical communication
28 with heating, cooling or ventilation equipment, control room temperature.

29 (z) Sells or offers for sale a motor vehicle manufactured after January 1, 2006, that contains
30 mercury light switches.

31 (aa) Violates the provisions of ORS 803.375, 803.385 or 815.410 to 815.430.

32 (bb) Violates ORS 646A.070 (1).

33 (cc) Violates any requirement of ORS 646A.030 to 646A.040.

34 (dd) Violates the provisions of ORS 128.801 to 128.898.

35 (ee) Violates ORS 646.883 or 646.885.

36 (ff) Violates ORS 646.569 or 646A.374.

37 (gg) Violates the provisions of ORS 646A.142.

38 (hh) Violates ORS 646A.360.

39 (ii) Violates ORS 646.553 or 646.557 or any rule adopted pursuant thereto.

40 (jj) Violates ORS 646.563.

41 (kk) Violates ORS 759.680 or any rule adopted pursuant thereto.

42 (LL) Violates the provisions of ORS 759.705, 759.710 and 759.720 or any rule adopted pursuant
43 thereto.

44 (mm) Violates ORS 646A.210 or 646A.214.

45 (nn) Violates any provision of ORS 646A.124 to 646A.134.

- 1 (oo) Violates ORS 646A.095.
- 2 (pp) Violates ORS 822.046.
- 3 (qq) Violates ORS 128.001.
- 4 (rr) Violates ORS 646A.800 (2) to (4).
- 5 (ss) Violates ORS 646A.090 [(2) to (5)].
- 6 (tt) Violates ORS 87.686.
- 7 (uu) Violates ORS 646A.803.
- 8 (vv) Violates ORS 646A.362.
- 9 (ww) Violates ORS 646A.052 or any rule adopted under ORS 646A.052 or 646A.054.
- 10 (xx) Violates ORS 180.440 (1) or 180.486 (1).
- 11 (yy) Commits the offense of acting as a vehicle dealer without a certificate under ORS 822.005.
- 12 (zz) Violates ORS 87.007 (2) or (3).
- 13 (aaa) Violates ORS 92.405 (1), (2) or (3).
- 14 (bbb) Engages in an unlawful practice under ORS 646.648.
- 15 (ccc) Violates ORS 646A.365.
- 16 (ddd) Violates ORS 98.853, 98.854, 98.856 or 98.858.
- 17 (eee) Sells a gift card in violation of ORS 646A.276.
- 18 (fff) Violates ORS 646A.102, 646A.106 or 646A.108.
- 19 (ggg) Violates ORS 646A.430 to 646A.450.
- 20 (hhh) Violates a provision of ORS 744.318 to 744.384.
- 21 (iii) Violates a provision of ORS 646A.702 to 646A.720.
- 22 (jjj) Violates ORS 646A.530 30 or more days after a recall notice, warning or declaration de-
- 23 scribed in ORS 646A.530 is issued for the children's product, as defined in ORS 646A.525, that is the
- 24 subject of the violation.
- 25 (kkk) Violates a provision of ORS 697.612, 697.642, 697.652, 697.662, 697.682, 697.692 or 697.707.
- 26 (LLL) Violates the consumer protection provisions of the Servicemembers Civil Relief Act, 50
- 27 U.S.C. 3901 et seq., as in effect on January 1, 2010.
- 28 (mmm) Violates a provision of ORS 646A.480 to 646A.495.
- 29 (nnn) Violates ORS 646A.082.
- 30 (ooo) Violates ORS 646.647.
- 31 (ppp) Violates ORS 646A.115.
- 32 (qqq) Violates a provision of ORS 646A.405.
- 33 (rrr) Violates ORS 646A.092.
- 34 (sss) Violates a provision of ORS 646.644.
- 35 (ttt) Violates a provision of ORS 646A.295.
- 36 (uuu) Engages in the business of, or acts in the capacity of, an immigration consultant, as de-
- 37 fined in ORS 9.280, in this state and for compensation, unless federal law authorizes the person to
- 38 do so or unless the person is an active member of the Oregon State Bar.
- 39 (vvv) Violates ORS 702.012, 702.029 or 702.054.
- 40 (www) Violates ORS 646A.806.
- 41 (xxx) Violates ORS 646A.810 (2).
- 42 (yyy) Violates ORS 443.376.
- 43 (zzz) Violates a provision of ORS 646A.770 to 646A.787.
- 44 (aaaa) Violates ORS 815.077.
- 45 (2) A representation under subsection (1) of this section or ORS 646.607 may be any manifesta-

tion of any assertion by words or conduct, including, but not limited to, a failure to disclose a fact.

(3) In order to prevail in an action or suit under ORS 336.184 and 646.605 to 646.652, a prosecuting attorney need not prove competition between the parties or actual confusion or misunderstanding.

(4) An action or suit may not be brought under subsection (1)(u) of this section unless the Attorney General has first established a rule in accordance with the provisions of ORS chapter 183 declaring the conduct to be unfair or deceptive in trade or commerce.

(5) Notwithstanding any other provision of ORS 336.184 and 646.605 to 646.652, if an action or suit is brought under subsection (1)(xx) of this section by a person other than a prosecuting attorney, relief is limited to an injunction, and the prevailing party may be awarded reasonable attorney fees.

SECTION 3. The amendments to ORS 646A.090 by section 1 of this 2025 Act apply to retail installment contracts and lease agreements into which a seller and buyer enter on or after the effective date of this 2025 Act.
