

House Bill 3779

Sponsored by Representative BREESE-IVERSON

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

Digest: Says what a person that bargains with a consumer's creditors to lower debt can and may not do in this state. (Flesch Readability Score: 72.7).

Requires a person that provides debt resolution services to consumers in this state to register with the Department of Consumer and Business Services and regulates the activities of debt resolution service providers.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to debt resolution services; creating new provisions; amending ORS 697.602, 697.612,
3 697.632, 697.642, 697.672, 697.702, 697.707, 697.718, 697.732, 697.752 and 697.822; and prescribing
4 an effective date.

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

6 **SECTION 1.** ORS 697.602 is amended to read:

7 697.602. As used in ORS 697.602 to 697.842:

8 (1) "Consumer" means:

9 (a) An individual **resident of this state** who is obligated or is allegedly obligated to pay a debt
10 and on whose behalf a debt management service provider performs or agrees to perform a debt
11 management service[.]; **or**

12 (b) **An individual resident of this state who has executed an agreement with a debt re-**
13 **solution service provider for debt resolution services under section 13 of this 2025 Act.**

14 (2) "Creditor" has the meaning given that term in ORS 646.639.

15 [(2)] (3)(a) "Debt management service" means an activity for which a person receives money or
16 other valuable consideration or expects to receive money or other valuable consideration in return
17 for:

18 [(a)] (A) Receiving or offering to receive funds from a consumer for the purpose of distributing
19 the funds among the consumer's creditors in full or partial payment of the consumer's debts, whether
20 or not the person holds the consumer's funds;

21 [(b)] (B) Improving or offering to improve or preserve a consumer's credit record, credit history
22 or credit rating;

23 [(c)] (C) Modifying or offering to modify terms and conditions of an existing loan from or obli-
24 gation to a third party; or

25 [(d)] (D) Obtaining or attempting to obtain as an intermediary on a consumer's behalf a con-
26 cession from a creditor including, but not limited to, a reduction in the principal, interest, penalties
27 or fees associated with a debt.

28 (b) **"Debt management service" does not include a debt resolution service.**

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 [(3)] (4)(a) “Debt management service provider” means a person that:

2 [(a)] (A) Resides or does business in this state; and

3 [(b)] (B) Provides or performs, or represents that the person can or will provide or perform a
4 debt management service in return for or in expectation of money or other valuable consideration.

5 (b) “Debt management service provider” does not include a debt resolution service pro-
6 vider.

7 (5)(a) “Debt resolution service” means a program that purports, directly or indirectly,
8 to:

9 (A) Reduce the balance of, or the interest rate or fees that apply to, a debt that a con-
10 sumer owes to an unsecured creditor; or

11 (B) Negotiate, renegotiate, resolve, reduce or otherwise alter the terms of payment of a
12 debt that a consumer owes to an unsecured creditor.

13 (b) “Debt resolution service” does not include a debt management service.

14 (6)(a) “Debt resolution service provider” means a person that provides a debt resolution
15 service to a consumer.

16 (b) “Debt resolution service provider” does not include a debt management service pro-
17 vider.

18 (7) “Dedicated account” means an account that meets the criteria set forth in section
19 13 (2)(a) of this 2025 Act.

20 (8) “Dedicated account service provider” means a person that administers a consumer’s
21 dedicated account and facilitates a consumer’s authorized deposits to and withdrawals from
22 the dedicated account in accordance with the requirements set forth in 16 C.F.R.
23 310.4(a)(5)(ii), as in effect on the effective date of this 2025 Act.

24 [(4)] (9) “Nationwide Multistate Licensing System” means a system that the Conference of State
25 Bank Supervisors and the American Association of Residential Mortgage Regulators, or assigns of
26 the Conference of State Bank Supervisors or the American Association of Residential Mortgage
27 Regulators, develop and maintain for participating state agencies to use in licensing and registering
28 mortgage loan originators and other persons that provide nondepository financial services.

29 [(5)] (10) “Nonprofit entity” means a person, corporation, organization, board, association or
30 other entity described in 26 U.S.C. 501(c)(3), as in effect on June 26, 2009, that is exempt from tax-
31 ation under 26 U.S.C. 501(a).

32 (11) “Registrant” means a person that the Director of the Department of Consumer and
33 Business Services registers under ORS 697.632.

34 **SECTION 2.** ORS 697.612 is amended to read:

35 697.612. (1) A person that has not registered with the Director of the Department of Consumer
36 and Business Services under ORS 697.632 may not engage in business in this state in the course of
37 which the person:

38 (a) Provides a debt resolution service;

39 [(a)] (b) Performs a debt management service; or

40 [(b)] (c) Receives money or other valuable consideration or expects to receive money or other
41 valuable consideration for:

42 (A) Soliciting or receiving an application from a consumer for a debt management service;

43 (B) Forwarding or providing a completed application for a debt management service to a debt
44 management service provider;

45 (C) Referring a consumer to another debt management service provider, if the person is a debt

1 management service provider;

2 (D) Providing a consumer's name, address or other information that identifies the consumer to
 3 a debt management service provider for the purpose of arranging the provision of a debt manage-
 4 ment service; or

5 (E) Providing advice, assistance, instruction or instructional material concerning a debt man-
 6 agement service to a consumer.

7 (2)(a) A debt management service provider registered under ORS 697.632 may negotiate on a
 8 consumer's behalf for a reasonable alternative repayment schedule or to reduce a claim described
 9 in 11 U.S.C. 502 if the debt management service provider is a nonprofit budget and credit counseling
 10 agency approved in accordance with 11 U.S.C. 111.

11 **(b) A debt resolution service provider that is registered under ORS 697.632 may provide**
 12 **a debt resolution service to a consumer.**

13 (3)(a) Subsection (1) of this section does not apply to:

14 [(a)] (A) An employee of a [*debt management service provider, if the debt management service*
 15 *provider is registered under ORS 697.632*] **registrant.**

16 [(b)] (B) An attorney licensed or authorized to practice law in this state, if the attorney provides
 17 a debt management service **or a debt resolution service within an attorney-client relationship**
 18 **or** only incidentally in the practice of law.

19 [(c)] (C) A financial institution or a trust company, both as defined in ORS 706.008.

20 [(d)] (D) A consumer finance company licensed under ORS chapter 725.

21 [(e)] (E) An escrow agent licensed under ORS 696.505 to 696.590 to the extent that the escrow
 22 agent is acting to close an escrow, as defined in ORS 696.505, is engaging in activity related to a
 23 collection escrow, as defined in ORS 696.505, or is serving as a trustee of a trust deed in accordance
 24 with ORS 86.713. This paragraph does not apply if the escrow agent:

25 [(A)] (i) Assists an unregistered debt management service provider that is not exempt from
 26 registration under this subsection in performing a debt management service; or

27 [(B)] (ii) Provides escrow services to a consumer in accordance with a debt management ser-
 28 vices plan executed by an unregistered debt management services provider that is not exempt from
 29 registration under this subsection.

30 [(f)] (F) A mortgage banker or mortgage broker licensed under ORS 86A.095 to 86A.198 or a
 31 mortgage loan originator, as defined in ORS 86A.100.

32 [(g)] (G) A broker-dealer registered with the United States Securities and Exchange Commission
 33 or the United States Commodity Futures Trading Commission, if the broker-dealer is subject to and
 34 acts in accordance with regulations promulgated by either commission.

35 [(h)] (H) A consumer reporting agency, as defined in 15 U.S.C. 1681a(f).

36 [(i)] (I) A public body, as defined in ORS 174.109.

37 [(j)] (J) A person that is obeying or acting in accordance with a court order.

38 [(k)] (K) An accredited educational institution or program that offers or performs a debt man-
 39 agement service without receiving money or other valuable consideration, if the institution or pro-
 40 gram performs the debt management service as an incidental part of a class or a duty the institution
 41 or program provides regularly.

42 (L) A nonprofit budget and credit counseling agency approved in accordance with 11 U.S.C. 111
 43 that:

44 (i) Provides only an individual or group briefing, as described in 11 U.S.C. 109(h), or an in-
 45 structural course concerning personal financial management, as described in 11 U.S.C. 111; and

1 (ii) Does not receive or offer to receive funds from a consumer for the purpose of distributing
 2 the funds among the consumer's creditors in full or partial payment of the consumer's debts.

3 [(m)] (M) A nonprofit entity that provides advice, assistance, instruction or instructional mate-
 4 rials to a consumer in return for a fee that is reasonably calculated to pay the cost of making the
 5 advice, assistance, instruction or instructional materials available.

6 [(n)] (N) An organization or a counselor approved by the United States Department of Housing
 7 and Urban Development under 12 U.S.C. 1701x.

8 (b) Subsection (1)(a) of this section does not apply to:

9 (A) A person that advertises or conducts marketing on behalf of a debt resolution service
 10 provider but does not provide a debt resolution service;

11 (B) A dedicated account service provider that does not provide a debt resolution service;

12 (C) A person that is described in section 501(q) or in section 501(c)(3) of the Internal
 13 Revenue Code that is exempt from taxation under section 501(a) of the Internal Revenue
 14 Code;

15 (D) A judge of any court of this state;

16 (E) A creditor, or an employee or assignee of a creditor, that resolves a debt with a
 17 consumer or with a debt resolution service provider;

18 (F) An officer or employee of the federal government or a state government who provides
 19 a debt resolution service on behalf of the government and receives compensation for the debt
 20 resolution service only from the government;

21 (G) A public accountant certified under ORS 673.040 who provides a debt resolution ser-
 22 vice within the accountant-client relationship;

23 (G) An attorney who is licensed to practice law in this state and who provides debt re-
 24 solution service within an attorney-client relationship; or

25 (H) A person that provides or agrees to provide a debt resolution service to an individual
 26 who the person had no reason to know resided in this state at the time the person provided
 27 or agreed to provide the debt resolution service.

28 **SECTION 3.** ORS 697.632 is amended to read:

29 697.632. (1)(a) The Director of the Department of Consumer and Business Services shall maintain
 30 a registry of debt management service providers **and debt resolution service providers** and by rule
 31 in accordance with ORS chapter 183 shall require a person that performs a debt management service
 32 **or a debt resolution service**, unless the person is exempt under ORS 697.612 (3), to apply to the
 33 director to register or to renew a registration as a debt management service provider **or debt re-**
 34 **solution service provider, as appropriate.**

35 (b) The director, consistent with the requirements of ORS 697.602 to 697.842, may administer a
 36 program to register debt management service providers **or debt resolution service providers**, or
 37 renew registrations, by means of an agreement with the Nationwide Multistate Licensing System
 38 and may, by rule, conform the practices, procedures and information that the Department of Con-
 39 sumer and Business Services uses to register a debt management service provider **or debt resol-**
 40 **ution service provider**, or renew a registration, to the requirements of the Nationwide Multistate
 41 Licensing System.

42 (c) An application for registration or renewal must provide to the director on a form and in a
 43 format the director specifies:

44 (A) The applicant's name and address;

45 (B) Any assumed business names, trade names or other identities under which the applicant

1 performs a debt management service **or debt resolution service**;

2 (C) A general description of the debt management service **or debt resolution service** business
3 activities the applicant undertakes or proposes to undertake;

4 (D) The names of any managing members, managing partners, executive officers, directors,
5 principals or agents the applicant has;

6 (E) The name of the applicant's registered agent or the applicant's agent for the purpose of re-
7 ceiving service of legal process;

8 (F) A signed statement that identifies and describes in detail any incident in which the applicant
9 or a member, partner, officer, director or principal of the applicant within the five years before the
10 date on which the applicant applied to register or renew a registration as a debt management ser-
11 vice provider **or debt resolution service provider** was subject to:

12 (i) A judgment in favor of another person in a circuit court of this state or in an equivalent
13 court in another state;

14 (ii) An arbitration award in favor of another person; or

15 (iii) An adverse final order from an administrative agency in this state or another state;

16 (G) A copy of the corporate surety bond the applicant filed with the director under ORS 697.642;

17 (H) Fingerprints for any of the applicant's executive officers, and officers and managers with
18 supervisory responsibility over the applicant's activities, with which the director may conduct a
19 criminal records check that the director may process through the Nationwide Multistate Licensing
20 System; *[and]*

21 **(I) A copy of each form of agreement and a schedule of the fees the applicant proposes**
22 **to charge consumers for services the applicant will provide; and**

23 *[(I)]* **(J)** Other information the director may require concerning the financial responsibility,
24 training, background, experience and business activities of the applicant or a member, partner, offi-
25 cer, director or principal of the applicant.

26 (2) At the time an applicant submits an application for registration under this section, the ap-
27 plicant shall pay a nonrefundable fee in an amount the director specifies by rule. An applicant who
28 applies to renew a registration shall pay another fee in an amount the director specifies by rule.

29 (3) The director shall specify amounts for the fees described in subsection (2) of this section that
30 in the aggregate are sufficient to pay the costs of administering ORS 697.602 to 697.842. The director
31 shall pay all moneys received under this section as provided in ORS 697.842.

32 (4) A registration under this section is valid until December 31 of the calendar year in which
33 the director approves the registration. In order to continue to provide a debt management service
34 **or debt resolution service**, a debt management service provider **or debt resolution service pro-**
35 **vider** must renew the **appropriate** registration at the time the registration expires.

36 (5)(a) The director may refuse to register the applicant or may refuse to renew a registration
37 for a debt management service provider **or debt resolution service provider** for any of the reasons
38 set forth in ORS 697.752.

39 (b) The director, for good cause shown or in order to conform the department's licensing and
40 license renewal program to the requirements of the Nationwide Multistate Licensing System, may
41 waive a requirement of this section with respect to a license application or may allow an applicant
42 to substitute information required in an application in lieu of information required under this sec-
43 tion.

44 **SECTION 4.** ORS 697.642 is amended to read:

45 697.642. (1) An applicant for registration as a debt management service provider **or debt re-**

1 **solution service provider** at the time of application shall file with the Director of the Department
 2 of Consumer and Business Services a **surety** bond issued by one or more corporate sureties au-
 3 thorized to do business in this state. The **surety** bond must:

4 (a) Be in an amount **that the director specifies by rule and** that is[:] **at least \$10,000 and**
 5 **not more than \$50,000.**

6 [(A) A minimum of \$10,000; or]

7 [(B) An amount the director specifies by rule.]

8 (b) Require the surety company to provide written notice to the director by registered or certi-
 9 fied mail:

10 (A) At least 30 days before the surety company cancels or revokes the **surety** bond; or

11 (B) Whenever the surety company pays for a loss under the **surety** bond.

12 (c) Satisfy the provisions of subsection (2) of this section.

13 (2) The **surety** bond that a [*debt management service provider*] **registrant** must file under sub-
 14 section (1) of this section, in addition to the requirements set forth under subsection (1) of this
 15 section, must be:

16 (a) Payable to the order of the director; and

17 (b) Conditioned so that the corporate surety or the [*debt management service provider*] **regis-**
 18 **trant** upon the director's order or a court order pays all amounts due for a violation of the [*debt*
 19 *management service provider's*] **registrant's** duties and obligations to consumers under ORS 697.652
 20 to 697.702.

21 (3) If a surety cancels, revokes or otherwise terminates a **surety** bond required under subsection
 22 (1) of this section or if the amount of the **surety** bond is reduced to less than the amount required
 23 under subsection (1) of this section, the [*debt management service provider*] **registrant** shall imme-
 24 diately:

25 (a) File a replacement **surety** bond; or

26 (b) Surrender the [*debt management service provider's*] **registrant's** registration to the director
 27 and cease operating as a debt management service provider **or debt resolution service provider**
 28 or providing debt management services **or debt resolution services, as appropriate.**

29 (4) A person that has a right of action against a [*debt management service provider*] **registrant**
 30 under ORS 697.718 has a right of action against the **surety** bond required under subsection (1) of
 31 this section.

32 **SECTION 5.** ORS 697.672 is amended to read:

33 697.672. (1) A [*debt management service provider*] **registrant** shall make, keep and maintain ac-
 34 counts, correspondence, memoranda, papers, books and other records that the Director of the De-
 35 partment of Consumer and Business Services by rule determines are necessary to ensure that the
 36 [*debt management service provider*] **registrant** is complying with the provisions of ORS 697.602 to
 37 697.842.

38 (2) A [*debt management service provider*] **registrant** shall maintain records for each consumer
 39 with which the [*debt management service provider*] **registrant** does business in a form and with
 40 contents the director specifies by rule. The [*debt management service provider*] **registrant** shall
 41 maintain each consumer record for a period of three years after the date of the last entry in the
 42 record. The [*debt management service provider*] **registrant** may dispose of the record in accordance
 43 with applicable law after the three-year period described in this subsection has expired.

44 (3) A [*debt management service provider*] **registrant** shall record all disbursements that the [*debt*
 45 *management service provider*] **registrant** makes, if any, to a consumer's creditors.

1 (4) The director may at any reasonable time examine the [*debt management service provider*]
 2 **registrant**, the records described in subsection (1) of this section or the [*debt management service*
 3 *provider's*] **registrant's** activities in connection with performing a debt management service **or debt**
 4 **resolution service**.

5 **SECTION 6.** ORS 697.702 is amended to read:

6 697.702. (1) A person commits the offense of interfering with records of a [*debt management*
 7 *service provider*] **registrant** if, with respect to a record to which ORS 697.672 applies, the person
 8 intentionally:

- 9 (a) Makes a false entry in the record; or
- 10 (b) Mutilates, destroys or otherwise disposes of the record.

11 (2) Subsection (1)(b) of this section does not apply to a [*debt management service provider*] **reg-**
 12 **istrant** that disposes of a record after the retention period set forth in ORS 697.672 expires.

13 **SECTION 7.** ORS 697.707 is amended to read:

14 697.707. (1) A debt management service provider may not charge or receive from a consumer a
 15 fee described in ORS 697.692 until after the debt management service provider makes the disclosures
 16 described in this section.

17 (2) A debt management service provider shall give to every consumer for whom the debt man-
 18 agement service provider offers to perform a debt management service a document that:

- 19 (a) States the maximum amount the debt management service provider may charge the consumer
 20 for all debt management services that the debt management service provider will perform;
- 21 (b) States that the consumer is responsible for paying the debt management service provider's
 22 charges;
- 23 (c) Warns the consumer that canceled debt may constitute income that is subject to state and
 24 federal taxation and advises the consumer to consult with a tax professional;
- 25 (d) Describes completely and in detail the debt management services that the debt management
 26 service provider will perform for the consumer and states the amount the consumer must pay for
 27 each service and for all services; and

28 (e) States that the consumer may bring an action against the bond required under ORS 697.642
 29 and lists the name and address of the surety that issued the bond.

30 (3) A debt management service provider that performs a debt management service as defined in
 31 ORS 697.602 [(2)(b)] **(3)(a)(B)** or described in ORS 697.612 [(1)(b)(E)] **(1)(c)(E)**, in the document re-
 32 quired under subsection (2) of this section, shall:

- 33 (a) Describe, accurately and completely, the consumer's right to review consumer credit infor-
 34 mation about the consumer that a consumer reporting agency, as defined in 15 U.S.C. 1681a, main-
 35 tains; and
- 36 (b) State the approximate price that a consumer reporting agency will charge a consumer to
 37 review the consumer credit information described in paragraph (a) of this subsection and that the
 38 consumer may review the information at no charge if the consumer makes a request to the consumer
 39 reporting agency within 30 days after the consumer was denied credit.

40 (4) A debt management service provider that does not hold a consumer's funds, directly or in-
 41 directly, shall include in the document required under subsection (2) of this section these additional
 42 statements:

- 43 (a) That the debt management service provider does not predict or guarantee specific results
 44 and cannot force or require a creditor to accept a specific settlement;
- 45 (b) That the debt management service provider does not make scheduled periodic payments to

1 creditors;

2 (c) That creditors may continue collection efforts, including lawsuits;

3 (d) That the consumer’s failure to make monthly payments on outstanding debt will likely have
4 a negative impact on the consumer’s credit score;

5 (e) That the consumer must make regular monthly deposits of funds in an account the consumer
6 establishes and maintains in the consumer’s name with an insured institution, as defined in ORS
7 706.008, and designates specifically for making disbursements in connection with a debt management
8 service; and

9 (f) That the debt management service provider will withdraw fees for debt management services
10 from the account described in paragraph (e) of this subsection only with the consumer’s specific
11 authorization and that the debt management service provider does not have custody, control or
12 separate or additional access to the account.

13 (5) The document described in this section must provide a space for the consumer to sign the
14 form under a statement that indicates that the consumer has read and understands the disclosures
15 set forth in the document.

16 **SECTION 8.** ORS 697.718 is amended to read:

17 697.718. (1) A [*debt management service provider*] **registrant** or a person required to obtain a
18 registration as a debt management service provider **or debt resolution service provider** under ORS
19 697.612 is liable to a consumer who suffers an ascertainable loss of money or property, real or per-
20 sonal, in connection with the [*debt management service provider’s*] **registrant’s** or person’s violation
21 of a provision of ORS 697.652, 697.662, 697.682, 697.692 or 697.707.

22 (2) Except as provided in this subsection, an action or suit may not be commenced under this
23 section more than three years after the date on which the [*debt management service provider*] **reg-**
24 **istrant** or person enters into an agreement for a debt management service **or debt resolution**
25 **service** with the consumer that suffered the ascertainable loss of money or property or more than
26 three years after the [*debt management service provider*] **registrant** or person performs a debt man-
27 agement service that violates ORS 697.652 **or a debt resolution service that violates section 14**
28 **of this 2025 Act.** An action under this section may be commenced within three years after the
29 transaction that is the subject of the action or within two years after the facts on which the action
30 is based were or should have been discovered, but an action may not be commenced more than five
31 years after the transaction. Failure to commence an action on a timely basis is an affirmative de-
32 fense.

33 (3) A consumer that has a right of action against a [*debt management service provider*] **regis-**
34 **trant** under this section has a right of action against the bond required under ORS 697.642.

35 (4) A court may award reasonable attorney fees to the prevailing party in an action brought
36 under this section.

37 **SECTION 9.** ORS 697.732 is amended to read:

38 697.732. (1) To enforce the provisions of ORS 697.612 and 697.642 to 697.702, the Director of the
39 Department of Consumer and Business Services may:

40 (a) Examine a [*debt management service provider*] **registrant** or a person required to obtain a
41 registration as a debt management service provider **or debt resolution service provider** under ORS
42 697.612 and the [*debt management service provider’s*] **registrant’s** or the person’s accounts for the
43 purpose of investigating a violation of ORS 697.642 to 697.702.

44 (b) Undertake an investigation, including an investigation outside this state, that the director
45 considers necessary to:

1 (A) Determine whether a [*debt management service provider*] **registrant** or a person required to
 2 obtain a registration as a debt management service provider **or debt resolution service provider**
 3 under ORS 697.612 violated, is violating or is about to violate ORS 697.612 or 697.642 to 697.702 or
 4 a rule the director adopted under ORS 697.632; or

5 (B) Aid in enforcing the provisions of ORS 697.612 and 697.642 to 697.702 and in formulating
 6 rules for adoption under ORS 697.632.

7 (c) Require a [*debt management service provider*] **registrant** or a person required to obtain a
 8 registration as a debt management service provider **or debt resolution service provider** under ORS
 9 697.612 to file a written statement, under oath or otherwise, that addresses a matter the director is
 10 investigating.

11 (d) Administer oaths and affirmations, subpoena witnesses, compel the witnesses to attend, take
 12 evidence and require a person that the director is investigating to produce books, papers, corre-
 13 spondence, memoranda, agreements or other documents or records that the director deems relevant
 14 or material to the investigation. A witness who appears before the director under a subpoena shall
 15 receive the fees and mileage described in ORS 44.415 (2).

16 (e) Charge and require a [*debt management service provider*] **registrant** or a person required to
 17 obtain a registration as a debt management service provider **or debt resolution service provider**
 18 under ORS 697.612 to pay for the reasonable cost of an examination or investigation conducted un-
 19 der this section in an amount the director specifies.

20 (2) If a person does not comply with a subpoena that the director issues under this section, a
 21 circuit court in this state upon the director's application shall begin contempt proceedings to compel
 22 compliance in the same manner in which the court would compel compliance with a subpoena in a
 23 civil action.

24 (3) A [*debt management service provider*] **registrant** or a person required to obtain a registration
 25 as a debt management service provider **or debt resolution service provider** under ORS 697.612
 26 shall provide the director for the purpose of investigating a violation of ORS 697.612 or 697.642 to
 27 697.702 with free access to the [*debt management service provider's*] **registrant's** or the person's
 28 offices, places of business, books, accounts, records, papers, files, safes and vaults.

29 (4)(a) The director shall maintain for public inspection a record of any order the director issued
 30 that:

31 (A) Suspended, revoked or refused to renew a person's registration as a debt management ser-
 32 vice provider **or debt resolution service provider**; or

33 (B) Imposed a civil penalty under ORS 697.832.

34 (b) The record that the director maintains of the director's order [*shall*] **must** show:

35 (A) The form of the order that the director issued;

36 (B) The name of the person that is the subject of the order; and

37 (C) The grounds for the action that the director took in the order.

38 (c) The director shall maintain as a public record any notice or other information that indicates
 39 that a collection on a deposit or on the bond required under ORS 697.642 has occurred.

40 (d) Except as provided in this subsection, records, reports and other information that the direc-
 41 tor receives or compiles as a result of an investigation conducted under this section are exempt from
 42 the disclosure required under ORS 192.314.

43 **SECTION 10.** ORS 697.752 is amended to read:

44 697.752. The Director of the Department of Consumer and Business Services may deny, suspend,
 45 condition, revoke or refuse to issue or renew a registration as a debt management service provider

1 **or debt resolution service provider** if the director determines that an applicant or [*debt manage-*
2 *ment service provider*] **registrant**:

3 (1) Cannot meet financial obligations as the obligations mature, has liabilities that exceed assets
4 or is in a financial condition that prevents the applicant or [*debt management service provider*]
5 **registrant** from continuing in business with safety to consumers;

6 (2) Engaged in dishonest, fraudulent or illegal practices or conduct in a business or profession,
7 or unfair or unethical practices or conduct in connection with a debt management service **or debt**
8 **resolution service**;

9 (3) Filed, knowingly or negligently, false or untruthful information with the director under ORS
10 697.632;

11 (4) Violated a provision of ORS 697.642 to 697.702 or a rule the director adopted under ORS
12 697.632;

13 (5) Filed an application for registration that on the date the director issued a registration or
14 on the date the director denied, suspended, conditioned or revoked a registration was incomplete in
15 a material respect or contained a statement that was false or misleading with respect to a material
16 fact in light of the circumstances in which the applicant or [*debt management service provider*]
17 **registrant** made the statement;

18 (6) Failed to account to interested persons for money or property the applicant or [*debt man-*
19 *agement service provider*] **registrant** received;

20 (7) Was temporarily or permanently enjoined from engaging in or continuing a conduct or
21 practice involving a debt management service **or debt resolution service** by a court of competent
22 jurisdiction;

23 (8) Is subject to a director's order that denied, suspended, conditioned or revoked a registration
24 as a debt management service provider **or debt resolution service provider**, or a license or regis-
25 tration that the director issued under another provision of law;

26 (9) Is subject to a cease and desist order that the director entered within the previous five years
27 after giving the applicant or [*debt management service provider*] **registrant** notice and an opportu-
28 nity for a hearing;

29 (10) Demonstrated negligence or incompetence in performing a debt management service **or debt**
30 **resolution service** or an act, the performance of which requires the applicant or [*debt management*
31 *service provider*] **registrant** to obtain a registration or license;

32 (11) Failed to supervise diligently and control an employee's or agent's actions related to a debt
33 management service **or debt resolution service** that the applicant or [*debt management service*
34 *provider*] **registrant** performed;

35 (12) Was convicted of a felony or of a misdemeanor for which an essential element is fraud, ei-
36 ther as an individual that is subject to the requirement to register as a debt management service
37 provider **or debt resolution service provider** or as a member, partner, officer, director or principal
38 of an applicant or [*debt management service provider*] **registrant**;

39 (13) Reduced the amount of the bond required under ORS 697.642 or allowed the bond to lapse;

40 (14) Knowingly made a false entry in a consumer's record; or

41 (15) Knowingly mutilated, destroyed or otherwise disposed of a consumer's record unless the
42 record concerns a consumer that no longer receives a debt management service **or debt resolution**
43 **service** from the applicant or [*debt management service provider*] **registrant** or the record is not
44 subject to the retention requirement set forth in ORS 697.672.

45 **SECTION 11.** ORS 697.822 is amended to read:

1 697.822. The remedy provided for in ORS 697.718:

2 (1) Is in addition to and not exclusive of other remedies provided by law.

3 (2) Does not limit a person's statutory or common-law right to bring an action in any court for
 4 an act of a *[debt management service provider]* **registrant**, or the right of the state to punish a
 5 person for violating a law.

6 **SECTION 12. Sections 13 to 17 of this 2025 Act are added to and made a part of ORS**
 7 **697.602 to 697.842.**

8 **SECTION 13. (1) A debt resolution service provider shall:**

9 (a) **Deliver or make available to a consumer a copy of any agreement the debt resolution**
 10 **service provider enters into with the consumer. The debt resolution service provider may**
 11 **deliver or make the agreement available electronically with the consumer's consent. An**
 12 **agreement between a debt resolution service provider and a consumer must:**

13 (A) **Describe the services that the debt resolution service provider will perform for the**
 14 **consumer;**

15 (B) **Describe how the debt resolution service provider will calculate fees for debt resolu-**
 16 **tion services and list the fees the debt resolution service provider will charge, to the extent**
 17 **that the debt resolution service provider has a current list of fees;**

18 (C) **Estimate in good faith the amount of time that will be necessary to resolve the**
 19 **consumer's debts and, if the debt resolution services involve offering a resolution to the**
 20 **consumer's creditors, estimate in good faith the amount of time within which the debt re-**
 21 **solution service provider will make bona fide offers to the consumer's creditors;**

22 (D) **Specify the amount of money, or the percentage of each debt, that a consumer must**
 23 **accumulate before the debt resolution service provider makes a bona fide offer to a creditor**
 24 **to resolve the consumer's debt;**

25 (E) **State that debt resolution services might not suit all consumers;**

26 (F) **State that a failure to make timely payment on a consumer's debts will likely ad-**
 27 **versely affect the consumer's creditworthiness, might result in a creditor's attempt to col-**
 28 **lect the debt, by means including a lawsuit or other legal proceeding, and might increase the**
 29 **amount the consumer owes in accrued interest and fees, if a debt resolution service relies**
 30 **upon or requires the consumer to not make timely payments to creditors;**

31 (G) **State that, unless the consumer is insolvent, the consumer might have taxable in-**
 32 **come as the result of a resolution of a debt for less than the full amount of the debt, even**
 33 **if the consumer does not receive money;**

34 (H) **State that the debt resolution service provider cannot compel a creditor to negotiate**
 35 **a resolution of the consumer's debt and that the debt resolution service provider cannot**
 36 **guarantee a specific resolution or other result from a debt resolution service;**

37 (I) **State that resolving a debt by means of a debt resolution service requires the con-**
 38 **sumer to meet regular savings goals;**

39 (J) **State that the debt resolution service provider does not provide tax, accounting or**
 40 **legal advice to consumers unless the debt resolution service provider has any license re-**
 41 **quired to provide tax, accounting or legal advice;**

42 (K) **State that the debt resolution service provider does not receive compensation of any**
 43 **kind from creditors and operates as the consumer's advocate with respect to creditors and**
 44 **the consumer's debts;**

45 (L) **State that the debt resolution service provider does not make any payment to a**

1 creditor or other person on the consumer's behalf;

2 (M) List the debts to which debt resolution services apply under the agreement; and

3 (N) State that the consumer must resolve all disputes with the debt resolution service
4 provider by means of mandatory arbitration, if the agreement requires mandatory arbi-
5 tration;

6 (b) Maintain during ordinary business hours a toll-free telephone number or electronic
7 communication method and a staff that is of adequate capacity to accept communications
8 from a reasonably anticipated number of consumers;

9 (c) Comply with 16 C.F.R. part 255, as in effect on the effective date of this 2025 Act, and
10 with Bulletin 2022-05: Unfair and Deceptive Acts or Practices That Impede Consumer Re-
11 views published by the federal Consumer Financial Protection Bureau; and

12 (d) File each year with the Director of the Department of Consumer and Business Ser-
13 vices a written report that lists:

14 (A) The total number of consumers in this state for which the debt resolution service
15 provider provided debt resolution services in the previous 12 months; and

16 (B) The total amount of fees the debt resolution service provider collected from con-
17 sumers in this state during the previous 12 months.

18 (2) A debt resolution service provider may:

19 (a) Request or require that a consumer establish and deposit funds into a dedicated ac-
20 count that a dedicated account service provider administers if:

21 (A) The dedicated account is with an insured institution, as defined in ORS 706.008;

22 (B) The consumer owns the funds in the dedicated account and all interest that accrues
23 on the funds;

24 (C) The debt resolution service provider does not own and is not owned by or under
25 common control with the dedicated account service provider, with "control" for the purpose
26 of this subparagraph meaning having the direct or indirect power to manage the debt resolu-
27 tion service provider or the dedicated account service provider by contract or by ownership
28 of more than 20 percent of the ownership interest in the debt resolution service provider or
29 the dedicated account service provider;

30 (D) The dedicated account service provider does not give or accept money or other
31 compensation for referrals of business that involve the debt resolution service provider;

32 (E) The consumer may terminate debt resolution services at any time without penalty
33 by providing notice under section 15 of this 2025 Act, after which the debt resolution service
34 provider must notify the dedicated account service provider of the termination within five
35 business days after receiving the consumer's notice; and

36 (F) The debt resolution service provider discloses the requirements specified in subpara-
37 graphs (A) to (E) of this paragraph in any agreement with the consumer;

38 (b) Extend credit to a consumer for the purpose of deferring some or all of the
39 consumer's debts, or negotiate with another person for an extension of credit to the con-
40 sumer, at no additional expense to the consumer, if the person with which the debt resolu-
41 tion service provider negotiates the extension of credit has authority or a license necessary
42 to extend credit in this state;

43 (c) Terminate an agreement with a consumer by delivering a written notice of termi-
44 nation electronically or by postal mail:

45 (A) Not later than 60 days after the consumer fails to perform an obligation due under

1 the terms of the agreement, in which case the consumer does not owe any further payment
2 to the debt resolution service provider as of the date of termination; or

3 (B) Immediately, if the consumer refuses to pay the debt resolution service provider a
4 fee that the debt resolution service provider has earned; and

5 (d) Recover all fees the debt resolution service provider has earned before a consumer
6 terminates an agreement as provided in section 15 of this 2025 Act, if the debt resolution
7 service provider charges and receives the fee in accordance with the agreement and does not
8 violate the provisions of section 14 (1)(a) of this 2025 Act.

9 (3)(a) A fee that a dedicated account service provider charges or collects from a con-
10 sumer or that a person charges or collects from a consumer for legal services is not a fee
11 that a debt resolution service provider charges or collects for a debt resolution service.

12 (b) A debt resolution service provider need not report or account to the director or a
13 consumer for a fee described in paragraph (a) of this subsection.

14 **SECTION 14. (1) A debt resolution service provider may not:**

15 (a) Request, charge, receive or collect a fee from a consumer unless and until:

16 (A) The debt resolution service provider and the consumer enter into an agreement as
17 provided in section 13 of this 2025 Act and the debt resolution service provider charges the
18 fee in accordance with the terms of the agreement;

19 (B) The debt resolution service provider negotiates, renegotiates, resolves, reduces or
20 otherwise alters the terms of at least one of a consumer's debts in accordance with the
21 terms of any agreement between the debt resolution service provider and the consumer;

22 (C) The consumer makes at least one payment under the terms of any resolution between
23 the consumer and any creditor that is a party to the resolution; and

24 (D) The debt resolution service provider's fee either:

25 (i) Bears the same proportional relationship to the total fee the debt resolution service
26 provider charges the consumer for all debt resolution services that the amount of the debt
27 that is negotiated, renegotiated, resolved, reduced or otherwise altered bears to the
28 consumer's total debt at the time the consumer entered into an agreement with the debt
29 resolution service provider; or

30 (ii) Is a fixed percentage of the amount the consumer saved in debt payments, interest
31 or otherwise as a result of the negotiation, renegotiation, resolution, reduction or alteration
32 of the terms of each of the debts subject to the agreement, measured as the difference be-
33 tween the amount the consumer owed on each debt and the amount the consumer actually
34 paid to satisfy each debt;

35 (b) Require from a consumer, or exercise, a power of attorney that authorizes the debt
36 resolution service provider to enter into a binding agreement to fully discharge a debt in
37 return for a payment of a specific sum of money;

38 (c) Send a creditor a cease and desist notice;

39 (d) Require a consumer to notify a creditor that the consumer's address or phone num-
40 ber has changed in an attempt to divert communications from the creditor to the debt re-
41 solution service provider instead of to the consumer;

42 (e) Exercise or attempt to exercise any authority on behalf of the consumer after the
43 consumer has terminated an agreement as provided in section 15 of this 2025 Act;

44 (f) Initiate, or request that a dedicated account service provider initiate, a transfer of
45 any money from a consumer's dedicated account unless the transfer:

- 1 **(A) Returns money to the consumer;**
- 2 **(B) Occurs before any agreement between the debt resolution service provider and the**
3 **consumer terminates or expires;**
- 4 **(C) Is a fee that the debt resolution service provider earns in accordance with paragraph**
5 **(a) of this subsection; or**
- 6 **(D) Funds a negotiated resolution with a creditor and occurs at the consumer's express**
7 **direction;**
- 8 **(g) Control or receive a consumer's funds for any purpose other than receiving payment**
9 **of a fee the debt resolution service provider earns for debt resolution services;**
- 10 **(h) Resolve a debt, represent to a consumer that a debt is resolved or advise a consumer**
11 **to make a payment to a creditor for the purpose of resolving a debt unless, at the time the**
12 **debt resolution service provider resolves the debt, makes the representation or gives the**
13 **advice, the creditor confirms that the debt is fully resolved or that a payment will fully re-**
14 **solve the debt or is part of a payment plan that, upon completion, will fully resolve the debt;**
- 15 **(i) Represent that:**
 - 16 **(A) The debt resolution service provider will provide any money to pay a bill or to prevent**
17 **a lien or claim from attaching to any of the consumer's property; or**
 - 18 **(B) A consumer's participation in debt resolution services will prevent any litigation,**
19 **garnishment, attachment, repossession, foreclosure, eviction or loss of employment;**
- 20 **(j) Falsely represent, directly or by implication:**
 - 21 **(A) That the debt resolution service provider can provide legal advice or legal services;**
22 **or**
 - 23 **(B) Any material provision of an agreement for debt resolution services or the character**
24 **or scope of a debt resolution service, including:**
 - 25 **(i) How much money or what percentage of a debt a consumer might save by using the**
26 **debt resolution service;**
 - 27 **(ii) The amount of time in which a consumer will achieve results from the debt resolution**
28 **service;**
 - 29 **(iii) How much money or what percentage of each debt the consumer must accumulate**
30 **before the debt resolution service provider offers or attempts to negotiate, renegotiate, re-**
31 **solve or otherwise alter the terms of the consumer's debt;**
 - 32 **(iv) How using a debt resolution service could or will affect the consumer's credit score**
33 **or other measure of creditworthiness or any collection efforts a creditor may pursue;**
 - 34 **(v) The number or percentage of consumers that successfully resolve debts by using the**
35 **debt resolution service provider's services; or**
 - 36 **(vi) That the debt resolution service provider is a nonprofit entity;**
 - 37 **(k) Receive a confession of judgment from a consumer or a power of attorney from a**
38 **consumer to confess judgment against the consumer;**
 - 39 **(L) Purchase a debt or obligation of the consumer's or obtain a mortgage or security**
40 **interest in the consumer's property in connection with services the debt resolution service**
41 **provider provides to the consumer;**
 - 42 **(m) Receive from or on behalf of a consumer a promissory note or other negotiable in-**
43 **strument other than a check or demand draft or a post-dated check or demand draft;**
 - 44 **(n) Disclose the consumer's identity or identifying information or the identity of the**
45 **consumer's creditors, except:**

1 (A) As permitted under federal law or by court order;

2 (B) To the Director of the Department of Consumer and Business Services in response
3 to the director's lawful demand; or

4 (C) To the extent necessary to administer debt resolution services, which may include a
5 disclosure to:

6 (i) A creditor of the consumer; or

7 (ii) A dedicated account service provider;

8 (o) Advertise, announce, broadcast, display, distribute, print, publish or televise a state-
9 ment or representation that is deceptive, false or misleading, either directly or indirectly or
10 through a person that markets debt resolution services on behalf of the debt resolution
11 service provider;

12 (p) Provide any person with anything of value in exchange for favorable treatment in
13 reviews or favorable placement in rankings;

14 (q) Own or operate a website, electronic resource or publication that provides rankings
15 or consumer reviews of the debt resolution service provider, whether directly, indirectly or
16 through an affiliate of the debt resolution service provider; or

17 (r) Make a statement or representation or take an action that is likely to mislead a
18 consumer as to whether reviews the debt resolution service provider uses to advertise debt
19 resolution services accurately reflect all reviews the debt resolution service provider has
20 received.

21 (2) An agreement under section 13 (1)(a) of this 2025 Act may not:

22 (a) Subject the parties to the agreement to, or require the application of, the law of any
23 jurisdiction other than the federal government or this state;

24 (b) Restrict a consumer's remedies under applicable provisions of ORS 697.602 to 697.842
25 or another law of this state except as provided in the Federal Arbitration Act, 9 U.S.C. 1 et
26 seq., as in effect on the effective date of this 2025 Act; or

27 (c) Limit or release the liability of a party to the agreement for failing to perform the
28 agreement or for violating an applicable provision of ORS 697.602 to 697.842.

29 **SECTION 15.** (1) A consumer may terminate an agreement with a debt resolution service
30 provider at any time by notifying the debt resolution service provider in writing, or orally
31 by contacting a representative of the debt resolution service provider or by recording an oral
32 message for delivery to the debt resolution service provider.

33 (2) A debt resolution service provider, after receiving a consumer's notice of termination
34 under subsection (1) of this section, shall:

35 (a) Within two business days after the date of the consumer's notice, advise the con-
36 sumer of any effect that the termination will have on any resolution agreements that the
37 debt resolution service provider has negotiated or is in the process of negotiating; and

38 (b) Within five business days after the date of the consumer's notice, notify the dedicated
39 account service provider of the consumer's termination and request that the dedicated ac-
40 count service provider communicate with the consumer concerning the disposition of any of
41 the consumer's funds that the dedicated account service provider holds.

42 **SECTION 16.** (1)(a) While an agreement for debt resolution services remains in effect
43 between a debt resolution service provider and a consumer, the debt resolution service pro-
44 vider shall deliver to the consumer a statement of account:

45 (A) At least once per month; and

1 (B) Not later than five days after receiving a request for a statement of account from a
2 consumer, except that the debt resolution service provider need not provide more than one
3 statement of account per month in response to a consumer's request.

4 (b) A debt resolution service provider shall deliver a statement of account to a consumer
5 within five days after an agreement for debt resolution services terminates or expires.

6 (2) A statement of account must:

7 (a) Show the total amount of money a consumer has deposited into the consumer's ded-
8 icated account as of the date of the statement of account, the total sum of money the con-
9 sumer now has in the dedicated account and all withdrawals from the dedicated account from
10 the date on which the dedicated account was opened;

11 (b) List all creditors with which the consumer has reached a resolution of the consumer's
12 debt and the date on which the resolution was reached;

13 (c) List each fee and the total of all fees that the debt resolution service provider charged
14 to and collected from the consumer as of the date of the statement of account and ascribe
15 each fee to a specific debt or resolution;

16 (d) List for each debt that the consumer resolved with a creditor by means of a debt
17 resolution service:

18 (A) The amount of each debt on the date on which the debt resolution service provider
19 and the consumer executed an agreement for debt resolution services;

20 (B) The amount of each debt on the date on which the consumer and the creditor agreed
21 to resolve the debt;

22 (C) The total sum that the consumer paid to the creditor to discharge the debt in full
23 and in accordance with a resolution agreement; and

24 (D) The amount that the consumer paid to the debt resolution service provider as a fee
25 to negotiate, renegotiate, resolve, reduce or otherwise alter the terms of the consumer's
26 debt.

27 (3) A debt resolution service provider delivers a statement of account to a consumer in
28 accordance with subsection (1) of this section if the debt resolution service provider provides
29 or makes available to the consumer the information described in subsection (2) of this sec-
30 tion by means of a website or other electronic means that are continuously accessible to the
31 consumer at any time.

32 **SECTION 17.** (1)(a) Except as provided in paragraph (b) of this subsection, a debt resolu-
33 tion service provider shall provide to a consumer copies of any agreement for debt resolu-
34 tion services between the debt resolution service provider and the consumer and any of the
35 records the debt resolution service provider must maintain under ORS 697.672 (2) that per-
36 tain to the consumer:

37 (A) At no charge and within five days after the consumer submits a request for the
38 agreement or records to the debt resolution service provider in writing, orally in person,
39 orally by telephone or by other means the debt resolution service provider maintains for
40 communications with consumers; or

41 (B) Within a reasonable time after receiving a request from a consumer if the debt re-
42 solution service provider receives the request more than 90 days and less than two years
43 after the agreement for debt resolution services terminated or expired.

44 (b) A debt resolution service provider need not respond to a request from a consumer
45 that:

1 (A) Exceeds a limit of one request per calendar month;

2 (B) The debt resolution service provider reasonably believes the consumer made to har-
3 ass the debt resolution service provider; or

4 (C) A consumer made later than six years after the agreement for debt resolution ser-
5 vices terminated or expired.

6 (2) In addition to, and not in lieu of, the records that a debt resolution service provider
7 must maintain under ORS 697.672, the debt resolution service provider shall maintain the
8 following records for the specified length of time after the date on which the debt resolution
9 service provider created the record:

10 (a) For a period of two years:

11 (A) Each advertisement, brochure, telemarketing script, promotional material and sup-
12 porting data the debt resolution service provider used in marketing debt resolution services;

13 (B) The names and last known addresses of each of the consumers with whom the debt
14 resolution service provider entered into an agreement to provide debt resolution services, the
15 date on which the consumer executed the agreement or received a debt resolution service
16 and the amount the consumer paid for the debt resolution service; and

17 (C) The names of each of the debt resolution service provider's employees or former
18 employees who had job duties related to selling or soliciting debt resolution services and each
19 fictitious name an employee used, if the debt resolution service provider permits employees
20 to use fictitious names in communications with consumers; and

21 (b) For a period of five years, each signed or otherwise executed agreement with a con-
22 sumer for debt resolution services.

23 SECTION 18. Sections 13 to 17 of this 2025 Act and the amendments to ORS 697.602,
24 697.612, 697.632, 697.642, 697.672, 697.702, 697.707, 697.718, 697.732, 697.752 and 697.822 by
25 sections 1 to 11 of this 2025 Act apply to agreements for debt resolution services that a debt
26 resolution service provider enters into with a consumer on or after the operative date spec-
27 ified in section 19 of this 2025 Act.

28 SECTION 19. (1) Sections 13 to 17 of this 2025 Act and the amendments to ORS 697.602,
29 697.612, 697.632, 697.642, 697.672, 697.702, 697.707, 697.718, 697.732, 697.752 and 697.822 by
30 sections 1 to 11 of this 2025 Act become operative on January 1, 2026.

31 (2) The Director of the Department of Consumer and Business Services may adopt rules
32 and take any other action before the operative date specified in subsection (1) of this section
33 that is necessary to enable the director, on and after the operative date specified in sub-
34 section (1) of this section, to undertake and exercise all of the duties, functions and powers
35 conferred on the director by sections 13 to 17 of this 2025 Act and the amendments to ORS
36 697.602, 697.612, 697.632, 697.642, 697.672, 697.702, 697.707, 697.718, 697.732, 697.752 and 697.822
37 by sections 1 to 11 of this 2025 Act.

38 SECTION 20. This 2025 Act takes effect on the 91st day after the date on which the 2025
39 regular session of the Eighty-third Legislative Assembly adjourns sine die.