



February 5, 2025

Chair Sosa  
Vice-Chair Chaichi, Vice-Chair Osborne  
House Committee On Commerce and Consumer Protection  
900 Court St NE, H-283  
Salem, OR 97301

**Re: Support for HB 3178**

Dear Chair Sosa, Vice Chairs Chaichi and Osborne, and Members of the Committee:

The Oregon Consumer League urges your support of HB 3178, which seeks to eliminate financing uncertainty consumers face when buying a car.

For over 58 years, the Oregon Consumer League has worked to protect Oregonians' rights through education, policy development and advocacy. Our mission includes advancing pro-consumer legislation on the state and national level and defending against policies that harm Oregon consumers.

Buying a car is often the most expensive purchase a consumer will make, and the process can be stressful and confusing. From a consumer perspective, auto financing is a complex process that requires understanding financing jargon, features of the loan, issues related to down payment, trade-in, and optional add-ons. When consumers negotiate the financing of a car at the dealership, they sign what they believe is a final contract. However, under current Oregon law, dealers have up to 14 days to secure their loan through a financial institution. Consumers rarely know their loan is not finalized, leaving them more susceptible to predatory tactics. Many times, consumers already believe they own their car and are unaware of their rights to cancel the sale or can feel pressured to agree to these different terms.

HB 3178 requires transparency during the process of purchasing a car and helps to ensure that Oregon consumers can trust payments and interest rates agreed upon at the dealership. It also specifies the process of canceling a deal that has changed.

The following provisions in HB 3178 will protect Oregon consumers:

- At the time of the sale

- The financing window will be four days.
  - Includes requirements regarding notification at the time of sale and notification to the buyer within two days if the sale is voided.
- If financing cannot be closed
  - Dealers must hold the loan; or
  - Void the current contract.
- Sellers must notify buyers within two days if their sales are voided, and all items of value given to the seller as part of the transaction will be returned.
- Sellers must make a good faith effort to sell the retail installment contract or lease agreement to a qualified lender.
- Sellers are liable to the buyer for damages if the seller sells the buyer's trade-in motor vehicle before selling the retail installment contract or lease agreement.

Oregonians rely on their vehicles to maintain employment, obtain critical medical care, and manage countless other essential obligations. Providing a fair process for car ownership is essential for furthering economic equity for Oregon consumers.

We urge your support of HB 3178. Thank you for the opportunity to submit testimony and your service to Oregon communities.

Sincerely,

Michelle Druce  
Executive Director  
Oregon Consumer League