

April 15, 2025

Position on Bills at 2025 Session of Oregon Legislature:

HB 3178: Support



The Consolidated Oregon Indivisible Network (COIN) is a coalition of over 50 local Indivisible groups throughout Oregon that cooperate and amplify their joint efforts to advance important federal and state legislation and engage with elected officials to promote causes for the benefit of all Oregonians.

COIN supports HB 3178, which would requires a seller or lessor 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. The bill reduces the number of days allowed from 14 to 10 for a holder of a valid and current vehicle dealer certificate to find a lender to purchase the retail installment contract or lease agreement or to accept the installment contract terms themselves or reject the terms and void the contract. In the event of a rejection, the seller must return all items of value that were part of the transaction.

From a consumer perspective, auto financing is a complex process that requires understanding financing jargon, features of the loan, issues related to down payments and trade-ins. 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 sell their loan through a financial institution. After that, the dealer is not required to own the loan itself. Consumers often drive cars off of the dealer's lot without knowing that their loan is not finalized. The dealer can come back to them with the news that a lender cannot be found, so the consumer has to pay a higher interest rate, for example. Consumers already believe they own the car and are unaware of their rights to cancel the sale or can feel pressured to agree to these different terms.

The introduced version of this bill allowed 4 days for the dealer to find financing on the agreed terms. Unfortunately, the adopted -3 amendment extended the limbo period back to 10 days. The length of time is important. The longer the car is in the possession of the consumer, the greater is the attachment to the car and the willingness to agree to more onerous financing terms in order to keep the car. Further, the extra days raise the likelihood that the dealer will have sold the consumer's trade-in vehicle before the financing finalization deadline, thus greatly complicating the unwinding of the deal. We would prefer to keep the 4-day period.

Consolidated Oregon Indivisible Network (COIN)

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