



April 17, 2025

Chair Taylor  
Vice-Chair Bonham  
Senate Committee on Labor and Business  
900 Court St NE  
Salem, OR 97301

**Re: Support for HB 3178 A**

Dear Chair Taylor, Vice Chair Bonham, and Members of the Committee:

The Oregon Consumer League urges your support of HB 3178 A, 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 A 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 A will protect Oregon consumers:

- Sellers must make a good faith effort to sell the retail installment contract or lease agreement on the exact terms negotiated.
- Prevent confusion by requiring a separate plain-language document, available in Oregon's top six languages, to be given to consumers at the time of purchase. This document will inform them of their rights to void the agreement should the terms be changed.
- Provide transparency for consumers, supporting their ability to walk away from an unfavorable deal if financing at the agreed-upon rate is not available.
- Adjusts the timeframe a dealer has to secure a loan from 14 days to 10 calendar days and provides two options for a dealer if they can't find a financial institution to finance the loan terms:
  - 1) they can hold the loan themselves, or
  - 2) they can choose to void the contract.
- Includes requirements for notification if the sale is voided, along with instructions on how to unwind an auto finance transaction.

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.

Oregon should join Washington and Maryland in providing necessary transparency and protection to consumers during the auto-financing process. We urge your support of HB 3178 A. Thank you for the opportunity to submit testimony and your service to Oregon communities.

Sincerely,

Michelle Druce  
Executive Director  
Oregon Consumer League