

## **HB 4141 -6 STAFF MEASURE SUMMARY**

### **House Committee On Commerce and Consumer Protection**

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**Meeting Dates:** 2/10, 2/12

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#### **WHAT THE MEASURE DOES:**

The measure regulates and allows debt resolution service companies and providers to operate in Oregon. The measure applies to agreements after the operative date. The measure becomes operative January 1, 2027. It takes effect on the 91st day following adjournment sine die.

#### Detailed Summary:

- The measure defines debt resolution service, debt resolution service provider, dedicated accountant, and dedicated account service provider
- Requires people that provide debt resolution service to register with the director of the Department of Consumer and Business Services (DCBS) and excludes those that do marketing, account service, a judge in Oregon, a creditor, an employee of the federal government, a public accountant, or an attorney from having to register with the director of the DCBS
- Established requirements for a surety bond that must be filed with the director of the Department of Consumer and Business Services
- A debt resolution service provider must provide a copy of any agreement with the customer and must maintain a consumer telephone line, and file a report with the director of the department of consumer and business services
- A debt resolution service provider can require a customer to deposit funds into a dedicated account, extend credit to a consumer, terminate an agreement with a consumer by written notice, and recover fees earned before a consumer terminates an agreement
- The measure requires action by both consumers and a debt resolution service provider before a fee can be requested or charged. The measure outlines responsibilities and prohibited actions a debt resolution service provider may not take
- Allows a customer to terminate an agreement at any time.
- The measure requires customers receive a regular account statement and list what must be a part of that statement
- The measure requires that customers be provided with records when requested until 6 years after the agreement is terminated or expires
- The measure requires a debt resolution service provider to keep certain records for two years and the signed agreement for services for five years

#### **ISSUES DISCUSSED:**

- Consolidation loans
- Concerns about the debt resolution business model
- How fees for debt resolution services are calculated

#### **EFFECT OF AMENDMENT:**

-6 The amendment clarifies who is not considered a debt resolution service provider. it also requires a fee explanation and removes a debt resolution service provider's ability to extend credit to a consumer.

#### Detailed Summary:

- Clarifies that a public utility is not a debt resolution service provider
- Clarifies that an Oregon Judge, mediator, or arbitrator is not a debt resolution service provider

## HB 4141 -6 STAFF MEASURE SUMMARY

- Clarifies that a debt resolution service provider will show how fees are calculated and what fees will be charged
- Removes the debt resolutions service provider's ability to extend credit to a consumer

### **BACKGROUND:**

The Division of Financial Regulation within the Department of Consumer and Business Services protects consumers and regulates insurance, depository institutions, trust companies, securities, and consumer financial products and services.

According to the Association for Consumer Debt Relief, the debt relief process works starting with a consumer applying for a debt relief program. Then the consumer is accepted into a debt relief program. Next, the debt relief company negotiates with the consumer's creditors. Then the consumer considers the creditor's offer. Next the customer accepts a settlement, and once at least one payment has been made a fee is charged in association with that specific debt. Finally, the process is repeated with the consumer's other creditors.

During the 2025 Oregon Legislative Session House Bill 3779 was introduced and referred to the House Committee on Commerce and Consumer Protection. House Bill 4141 is a continuation of the same concept to create a pathway for addressing consumer debt.