

HB 4086-4
(LC 127)
2/10/26 (ASD/ps)

Requested by Representative LIVELY

**PROPOSED AMENDMENTS TO
HOUSE BILL 4086**

1 On page 1 of the printed bill, line 2, after “285B.626” insert “, 285B.791,
2 285B.797”.

3 On page 4, delete lines 21 and 22 and insert:

4 **“SECTION 9.** ORS 285B.791 is amended to read:

5 “285B.791. (1) The Oregon Business Development Department shall enter
6 into a written agreement with each lender that accepts an award offered
7 under ORS 285B.787.

8 “(2) A written agreement entered into pursuant to this section must:

9 “(a) Provide for the creation of a loan loss reserve account by the lender
10 for the deposit of moneys awarded under ORS 285B.787 out of which the
11 lender may be reimbursed for principal losses incurred due to defaults on
12 qualified loans;

13 “(b) Provide that, notwithstanding ORS chapter 293 or 295, the lender
14 shall establish and maintain the loan loss reserve account with a financial
15 institution, as defined in ORS 706.008, in accordance with such policies as
16 the department may adopt;

17 “(c) Require the lender to designate, when a loan is made, whether the
18 loan is a qualified loan;

19 “(d) Provide that, upon default on a qualified loan, the lender shall[
20 *subject to subsection (3) of this section, liquidate the borrower’s assets and*
21 *exhaust all lawful remedies for the benefit of the lender]* **pursue reasonable**

1 **collection efforts** before the lender may recover the outstanding principal
2 balance of the loan from the lender's loan loss reserve account;

3 **"(e) Provide that, if the lender reasonably estimates that the costs**
4 **of collection will exceed the outstanding principal balance of the loan,**
5 **the lender may submit a recovery request to the department without**
6 **pursuing further collection efforts;**

7 "[*(e)*] **(f)** Provide that the liability of the State of Oregon and the de-
8 partment under the written agreement is limited to the amount of moneys
9 awarded and credited to the lender's loan loss reserve account; and

10 "[*(f)*] **(g)** Require the lender to file an annual report in accordance with
11 ORS 285B.794.

12 "*[(3)(a) Notwithstanding the requirement under subsection (2)(d) of this*
13 *section to liquidate a borrower's assets and exhaust all lawful remedies, the*
14 *department, upon request of a lender, may waive the lender's obligations under*
15 *subsection (2)(d) of this section if:]*

16 "*[(A) The original principal amount of the loan was not greater than*
17 *\$25,000; and]*

18 "*[(B) The borrower had a personal net worth not greater than \$75,000 at*
19 *both the time of application and the time of default.]*

20 "*[(b) A lender that does not comply with subsection (2)(d) of this section*
21 *or paragraph (a) of this subsection shall be considered to have breached the*
22 *written agreement the lender entered into pursuant to subsection (1) of this*
23 *section. The department, at its sole discretion, may take assignment of the loan*
24 *and pursue collection efforts under subsection (2)(d) of this section.]*

25 "*[(4)] (3) Qualified lenders that accept awards under ORS 285B.787 shall,*
26 *within 10 years following the date on which the written agreement entered*
27 *into pursuant to subsection (1) of this section becomes binding, originate*
28 *qualified loans with a total principal amount equal to at least four times the*
29 *amount of the moneys awarded.*

30 **"SECTION 10. Any moneys in the Disadvantaged and Emerging**

1 **Small Business Loan Fund established under ORS 285B.774 on the ef-
2 fective date of this 2026 Act are hereby appropriated to the Oregon
3 Business Development Department to be used for the purposes of ORS
4 285B.780 to 285B.799.**

5 **“SECTION 11.** ORS 285B.797 is amended to read:

6 “285B.797. (1)(a) A lender shall be released from any obligation under a
7 written agreement entered into under ORS 285B.791, and may use for any
8 purpose whatever any balance in the lender’s loan loss reserve account, if
9 the lender has:

10 “(A) Performed under the written agreement entered into with the Oregon
11 Business Development Department for at least 10 years;

12 “(B) Attained during the 10-year period, as required under ORS 285B.791
13 (3), a ratio of four-to-one of total principal amount of qualified loans made
14 by the lender to the amount of moneys awarded to the lender under ORS
15 285B.787; and

16 “(C) Complied with the annual reporting requirements under ORS
17 285B.794.

18 “(b) A release under this section does not absolve a lender of any con-
19 tractual obligations owed to a qualified borrower under a qualified loan
20 agreement.

21 “(2)(a) A lender shall repay to the department [*for deposit in the General
22 Fund*] the balance of moneys awarded to the lender under ORS 285B.787 in
23 the lender’s loan loss reserve account if the department determines that:

24 “[(a)] (A) The lender has not made a qualified loan for 24 consecutive
25 months;

26 “[(b)] (B) The lender has become insolvent or has ceased lending oper-
27 ations in Oregon;

28 “[(c)] (C) The lender has failed to perform in any material way under the
29 written agreement entered into with the department pursuant to ORS
30 285B.791;

1 “[*(d)*] **(D)** The lender made material misrepresentations in the RFP sub-
2 mitted under ORS 285B.787 or in an annual report required under ORS
3 285B.794; or

4 “[*(e)*] **(E)** The lender or the lender’s loan loss reserve account portfolio
5 has been sold, transferred or assigned, in whole or part.

6 **“(b) Moneys repaid under this subsection shall be used by the de-
7 partment for the purposes of ORS 285B.780 to 285B.799.”**

8 **“SECTION 12. This 2026 Act takes effect on the 91st day after the
9 date on which the 2026 regular session of the Eighty-third Legislative
10 Assembly adjourns sine die.”.**

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