February 12, 2026

To: House Committee on Commerce and Consumer Protection
From: Oregon Financial Services Association
Re: Opposition to HB 4141, Relating to debt resolution services

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Chair Sosa and Members of the Committee,

Established in 1937, OFSA is comprised of lenders who hold Consumer Finance Licenses in Oregon, are subject to this state's 36% rate caps, and provide consumers with many kinds of credit. We do not offer payday loans. Our consumers are often working hard to build, or rebuild their credit, and we take pride in supporting that process.

Our members have over 40 locations in Oregon, operating out of physical branch offices and making in-person connections with consumers in communities in or near each of your districts. However, our membership does include national organizations, so we are familiar with debt settlement companies operating in other jurisdictions under the level of regulation proposed in HB 4141.

HB 4141 reflects a broader, national approach for removing debt settlement companies from regulation under state-based laws for non-profit consumer credit counselling services, and to instead largely codify in state law the Federal Trade Commission's Telemarketing Sales Rule, which is currently enforced by the FTC and the CFPB, and is the only federal regulation applicable to debt settlement companies. That law generally covers only three basic points, that there be (1) a written contract; (2) no deceptive business practices; and (3) no fees before services are rendered. Even with this most basic level of oversight we have seen bad actors subject to multi-million dollar enforcement actions by the CFPB and FTC. We believe that the needs of Oregonians are already being served by non-profit consumer credit counseling services, and are concerned that loosening restrictions on for-profit debt settlement companies could lead to greater consumer harm.

Regarding the specifics of HB 4141, we agree with the concerns outlined in a joint letter in the record by our national affiliate, the American Financial Services Association (AFSA) and the National Consumer Law Center (NCLC), two entities that are much more inclined to disagree in most policy discussions, but agree when it comes to concerns with insufficient regulation of the debt settlement industry.

We appreciate that the proponents of HB 4141 very recently shared with us the proposed -6 amendment and we appreciate the changes made, but continue to have very significant concerns with the lack of regulatory rigor set forth in the bill.

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Our primary remaining concerns with HB 4141, assuming that the -6 amendment were to be adopted, are as follows:

Enrollment of non-delinquent debts

HB 4141 continues to allow for debt settlement companies to enroll new debts. We have increasingly become aware of debt settlement companies targeting consumers immediately after borrowing money, before payments are made. This demonstrates two things: that the consumer was a reasonable credit risk when the loan was underwritten and second, that the debt settlement company is using the pretense of helping consumers as a way to acquire new customers.

Suggested fix:

A delinquency requirement of 90 days to enroll a debt as reported by a credit reporting agency under the Fair Credit Reporting Act.

No lending solicitation or activity to consumers

We appreciate that the -6 amendment removes provisions from the bill that explicitly allow for debt settlement companies to extend credit to consumers through themselves or an affiliate.

However, we are not convinced that removal of this explicit provision authorizing lending would be sufficient to prevent bad actors from engaging in lending solicitations. The solicitations confuse and harm consumers who believe they are enrolling in a lifeline service but ultimately are instead sold a product that leads them to face the same or even more significant debt load through a different lender.

Suggested fix:

If the proponents are sincere in an effort to address this concern, we prefer to see both the explicit authorization removed, and an explicit *prohibition* against lending solicitations added to Section 14 (1) of the bill.

Enhanced data reporting

While we appreciate the reporting mechanisms in Section 13 (1)(d) of the bill, we find these wholly insufficient to provide the Department of Consumer of Business Services with adequate information to evaluate appropriate regulation of the debt settlement industry.

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Section 13 (1)(d) *only* requires reporting on the total number of consumers served and the total number of fees collected by debt settlement companies in the prior 12 months. While this is useful information, it is insufficient to provide visibility to regulators around how, when, and

whether bad actors in the debt settlement industry are engaging in practices such as targeting new debt or soliciting for consolidation or "debt-swap" loans. The information does not explain how many debts are actually being settled as part of the settlement process or how many consumers still end up in bankruptcy after enrolling with a debt settlement company.

Suggested fix:

The below language will need further work to align with Oregon legislative form and style and the remaining provisions of HB 4141, but in general, we would like to see the reporting in Section 14 (1)(d) strengthened to also require reporting on:

- The number of debts and delinquency status of each debt enrolled at the time of contract for enrollment for debt settlement services as follows:
    - (1) Current to 30 days delinquent
    - (2) 31 – 59 days delinquent
    - (3) 60 – 89 days delinquent
    - (4) 90 – 120 days delinquent
    - (5) 120 – 180+ days delinquent
- The number of debts enrolled by debtors in debt settlement services in the prior calendar year.
- The total amount of debts placed in debt settlement services with the debt settlement services provider.
- The number of settlements paid by debtors enrolled in debt settlement services.
- The number of settlements enrolled in debt settlement services that failed to reach settlement.
- The number of debtors who had an existing contract for debt settlement services in effect or who contracted with the registrant for debt settlement services in the prior calendar year but whose contract is no longer in effect, that have filed for bankruptcy protection under any provision of the United States Bankruptcy Code in the prior calendar year.

Finally, we also continue to have significant concerns with the fee structures proposed in the bill and would instead suggest a fee cap based on savings rather than debts enrolled.

As stated in our verbal testimony, we understand that there may be a space for debt settlement companies in Oregon, but only with appropriate safeguards. We do not believe that HB 4141, even with the -6 amendment, will provide sufficient safeguards for consumers

OREGON FINANCIAL SERVICES ASSOCIATION

We respectfully ask that you do not advance HB 4141, and instead take a more thoughtful approach to regulating debt settlement companies looking to operate in our state.

Sincerely,

Maureen McGee
Lobbyist, Oregon Financial Services Association