

B-Engrossed
Senate Bill 386

Ordered by the House June 25
Including Senate Amendments dated March 30 and House Amendments
dated June 25

Sponsored by Senator BONAMICI; Senators CARTER, MONNES ANDERSON, Representatives HOLVEY, KAHL

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[Provides that attempt or threat to enforce right or remedy or collect debt that person knows or has reason to know does not exist is unlawful collection practice.]

Allows court to award attorney fees, costs and expenses to prevailing debtor in action for unlawful collection practice. Provides that court may award reasonable attorney fees to defendant if court finds that debtor brought action in bad faith or solely for purposes of harassment.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to debt collection practices; creating new provisions; amending ORS 646.639 and 646.641;
3 and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 646.639 is amended to read:

6 646.639. (1) As used in subsection (2) of this section:

7 (a) "Consumer" means a natural person who purchases or acquires property, services or credit
8 for personal, family or household purposes.

9 (b) "Consumer transaction" means a transaction between a consumer and a person who sells,
10 leases or provides property, services or credit to consumers.

11 (c) "Commercial creditor" means a person who in the ordinary course of business engages in
12 consumer transactions.

13 (d) "Credit" means the right granted by a creditor to a consumer to defer payment of a debt,
14 to incur a debt and defer *[its]* payment **of the debt**, or to purchase or acquire property or services
15 and defer payment *[therefor]* **for the property or services**.

16 (e) "Debt" means **an obligation or an alleged obligation to pay money or a thing of value**
17 **evidenced by an agreement or contract, express or implied, that is formed in the course of**
18 **or as a result of a consumer transaction.** *[any obligation or alleged obligation arising out of a*
19 *consumer transaction.]*

20 (f) "Debtor" means a consumer who owes **a debt.** *[or allegedly owes an obligation arising out of*
21 *a consumer transaction.]*

22 (g) "Debt collector" means *[any]* **a person** who by *[any]* direct or indirect action, conduct or
23 practice, enforces or attempts to enforce **a debt owed to a commercial creditor.** *[an obligation that*
24 *is owed or due to any commercial creditor, or alleged to be owed or due to any commercial creditor,*
25 *by a consumer as a result of a consumer transaction.]*

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 (h) "Person" means an individual, corporation, trust, partnership, incorporated or
2 unincorporated association or [any] other legal entity.

3 (2) [It shall be an unlawful collection practice for] A debt collector, while collecting or attempting
4 to collect a debt, **may not** [to] do any of the following:

5 (a) Use or threaten the use of force or violence to cause physical harm to a debtor or to the
6 debtor's family or property.

7 (b) Threaten arrest or criminal prosecution.

8 (c) Threaten the seizure, attachment or sale of a debtor's property when such action can only
9 be taken pursuant to court order, without disclosing that prior court proceedings are required.

10 (d) Use profane, obscene or abusive language in communicating with a debtor or **a member of**
11 the debtor's family.

12 (e) Communicate with the debtor or any member of the debtor's family repeatedly or contin-
13 uously or at times known to be inconvenient to [that person] **the debtor or a member of the**
14 **debtor's family** with intent to harass or annoy the debtor or [any] **a member of the debtor's family.**

15 (f) Communicate or threaten to communicate with a debtor's employer concerning the nature
16 or existence of the debt.

17 (g) Communicate without the debtor's permission or threaten to communicate with the debtor
18 at the debtor's place of employment if the place is other than the debtor's residence, except that the
19 debt collector may:

20 (A) Write to the debtor at the debtor's place of employment if no home address is reasonably
21 available and if the envelope does not reveal that the communication is from a debt collector other
22 than a provider of the goods, services or credit from which the debt arose.

23 (B) Telephone a debtor's place of employment without informing any other person of the nature
24 of the call or identifying the caller as a debt collector but only if the debt collector in good faith
25 has made an unsuccessful attempt to telephone the debtor at the debtor's residence during the day
26 or during the evening between the hours of 6 p.m. and 9 p.m. The debt collector may not contact
27 the debtor at the debtor's place of employment more frequently than once each business week and
28 may not telephone the debtor at the debtor's place of employment if the debtor notifies the debt
29 collector not to telephone at the debtor's place of employment or if the debt collector knows or has
30 reason to know that the debtor's employer prohibits the debtor from receiving such communication.
31 For the purposes of this subparagraph, [any] language in [any] **an agreement, contract or** instru-
32 ment creating the debt [which] **that** purports to authorize telephone calls at the debtor's place of
33 employment [shall] **does** not [be considered as giving] **give** permission to the debt collector to call
34 the debtor at the debtor's place of employment.

35 (h) Communicate with the debtor in writing without clearly identifying the name of the debt
36 collector, the name of the person, if any, for whom the debt collector is attempting to collect the
37 debt and the debt collector's business address, on all initial communications. In subsequent commu-
38 nications involving multiple accounts, the debt collector may eliminate the name of the person, if
39 any, for whom the debt collector is attempting to collect the debt, and the term "various" may be
40 substituted in [its] place **of the name.**

41 (i) Communicate with the debtor orally without disclosing to the debtor within 30 seconds the
42 name of the individual making the contact and the true purpose [thereof] **of the contact.**

43 (j) Cause any expense to the debtor in the form of long distance telephone calls, telegram fees
44 or other charges incurred by a medium of communication, by concealing the true purpose of the debt
45 collector's communication.

1 (k) Attempt [to] or threaten to **take an action to collect a debt or** enforce a right or remedy
2 with knowledge or reason to know that the **debt**, right or remedy does not exist, or threaten to take
3 any action [which] **that** the debt collector in the regular course of business does not take.

4 (L) Use [any] a form of communication [which] **that** simulates legal or judicial process or
5 [which] **that** gives the appearance of being authorized, issued or approved by a governmental
6 agency, a governmental official or an attorney at law when [it] **the communication** is not in fact
7 so approved or authorized.

8 (m) Represent that an existing debt may be increased by the addition of attorney fees, investi-
9 gation fees or any other fees or charges when [such] **the** fees or charges may not legally be added
10 to the existing debt.

11 (n) Collect or attempt to collect [any] interest or [any] other charges or fees in excess of the
12 actual debt unless [they] **the interest, charges or fees** are expressly authorized by the
13 agreement, **contract or instrument** creating the debt or expressly allowed by law.

14 (o) Threaten to assign or sell the debtor's account with an attending misrepresentation or im-
15 plication that the debtor would lose any defense to the debt or would be subjected to harsh,
16 vindictive or abusive collection tactics.

17 (3) [It shall be an unlawful collection practice for] A debt collector, by use of any direct or indi-
18 rect action, conduct or practice, [to] **may not** enforce or attempt to enforce an obligation made void
19 and unenforceable by the provisions of ORS 759.720 (3) to (5).

20 (4) **Violation of a provision of subsection (2) or (3) of this section is an unlawful collection**
21 **practice.**

22 **SECTION 2.** ORS 646.641 is amended to read:

23 646.641. (1) **As used in this section:**

24 (a) **"Debt collector" has the meaning given that term in ORS 646.639.**

25 (b) **"Debtor" has the meaning given that term in ORS 646.639.**

26 [(1)] (2) [Any] **A** person injured as a result of a **debt collector's** willful use or employment [by
27 another person] of an unlawful collection practice may bring an action in an appropriate court to
28 enjoin the practice or to recover actual damages or \$200, whichever is greater. The court or the
29 jury may award punitive damages, and the court may provide such equitable relief as [it] **the court**
30 deems necessary or proper.

31 [(2)] (3) In [any] **an** action brought [by a person] under this section, the court may award a
32 **prevailing debtor** reasonable attorney fees [to the prevailing party.], **costs and expenses. If a**
33 **court finds that a debtor brought an action under this section in bad faith or solely for the**
34 **purposes of harassment, the court may award a prevailing debt collector reasonable attorney**
35 **fees.**

36 [(3)] (4) Actions brought under this section [shall] **must** be commenced within one year from the
37 date of the injury.

38 **SECTION 3. The amendments to ORS 646.639 and 646.641 by sections 1 and 2 of this 2009**
39 **Act apply to debts and actions to collect or enforce a debt that arise or occur on or after the**
40 **effective date of this 2009 Act.**

41 **SECTION 4. This 2009 Act being necessary for the immediate preservation of the public**
42 **peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect**
43 **on its passage.**