

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Without Recommendation as to Passage, but with Amendments and Be Printed Engrossed and Be Returned to the President's Desk
Vote:	3 - 2 - 0
Yeas:	Bonamici, Monroe, Shields
Nays:	Boquist, George
Exc.:	0
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	3/30, 4/4, 4/20

WHAT THE MEASURE DOES: Establishes requirements for legal action brought by debt buyers to collect debt. Designates violations to be an unlawful trade practice. Increases maximum damages allowed from \$200 to \$500 in actions for unlawful collection practice.

ISSUES DISCUSSED:

- Need for consumers to know origins of debt being collected
- Right of private action
- Statute of limitations

EFFECT OF COMMITTEE AMENDMENT: Clarifies language regarding when a debtor should seek legal advice about statute of limitations. Reduces maximum amount in damages that can be collected from the greater of actual damages or \$1,000 to the greater of actual damages or \$500. Reverts to current language regarding when action brought under ORS 646.641 is to commence to one year from date of injury. Deletes language regarding changes to award of attorney fees to prevailing party and changes to deadline for filing unlawful collection practice actions.

BACKGROUND: Senate Bill 577-A is the product of a work group that met during the 2010 interim to address issues related to debt collection practices, specifically those related to debt buyers. The measure defines “debt buyer” as a person in the business of purchasing delinquent consumer loans, delinquent consumer credit accounts for collection purposes, regardless of whether that person collects the debt or hires an attorney or collection agency to do so; debt collectors acting as debt buyers are also included in the definition.

There are occasions when individuals are contacted by persons seeking to collect a debt without providing the individual with sufficient information about when and where the debt was incurred. Senate Bill 577-A specifies that debt buyers seeking to collect a debt or take legal action to collect a debt must provide written notice to the debtor that includes: contact information for the debt buyer; the name of the original creditor; the original account number of the debt; the balance due, and whether that balance includes interest and fees; and a statement that includes information on applicable statute of limitations. This written notice is required prior to entry of a default judgment against the debtor.

Senate Bill 577-A also provides for increased payment of damages, from the current \$200 maximum to \$500, or actual damages, whichever is greater, in cases of unlawful collection practices.

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This summary has not been adopted or officially endorsed by action of the committee.