

A-Engrossed
Senate Bill 278

Ordered by the Senate March 31
Including Senate Amendments dated March 31

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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.

voids payday loan, title loan, or consumer finance loan of \$50,000 or less, if at time loan is made person making loan does not have required license. Prohibits unlicensed person, or person's successor, assignee or affiliate, from depositing borrower's or consumer's check, withdrawing moneys from borrower's or consumer's account, or otherwise collecting, receiving or retaining principal, interest, fee or charge related to or in connection with payday loan, title loan or consumer finance loan of \$50,000 or less.

Becomes operative 91 days after effective date of Act.
Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to consumer loans made without required licenses; creating new provisions; amending ORS
3 725.045 and 725A.020; and declaring an emergency.

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

5 **SECTION 1.** ORS 725.045 is amended to read:

6 725.045. (1)(a) Except as provided in ORS 82.010, 82.020 and 82.025 **and subject to paragraph**
7 **(b) of this subsection**, a person may not conduct a business in which the person makes a consumer
8 finance loan of \$50,000 or less or acts as an agent, broker or facilitator for a person that makes a
9 consumer finance loan of \$50,000 or less unless the person first obtains a license under this chapter.

10 **(b) If at the time a person made a consumer finance loan of \$50,000 or less the person**
11 **did not have a license that the Director of the Department of Consumer and Business Ser-**
12 **vices issued under this chapter, the consumer finance loan is void, and the person, or a**
13 **successor, assignee or affiliate of the person, may not deposit a borrower's or consumer's**
14 **check, withdraw moneys from a borrower's or consumer's account or otherwise collect, re-**
15 **ceive or retain principal, interest, a fee or a charge related to or in connection with the**
16 **consumer finance loan.**

17 (2) This section does not apply to a person that does not collect a fee or consideration in con-
18 nection with a consumer finance loan or an application for a consumer finance loan and that:

19 (a) Does not interact directly with a borrower or consumer;

20 (b) Acts solely as an intermediary between the borrower or consumer and a lender or a person
21 that conducts business as a broker or facilitator for a consumer finance loan;

22 (c) Transmits information, electronically or otherwise, concerning the borrower or consumer to
23 a lender or a person that conducts business as a broker or facilitator for a consumer finance loan;

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 or

2 (d) Prepares, issues or delivers a negotiable instrument to a lender or a person that conducts
3 business as a broker or facilitator for a consumer finance loan for subsequent delivery to a borrower
4 or consumer.

5 **(3) A person may collect principal, interest, a fee or a charge related to or in connection**
6 **with a consumer finance loan if the license the director issued under this chapter lapsed in-**
7 **advertently or by mistake.**

8 **SECTION 2.** ORS 725A.020 is amended to read:

9 725A.020. (1)(a) Except as provided in ORS 82.010, 82.020 and 82.025 **and subject to subsection**
10 **(2) of this section**, a person may not conduct business as a payday loan lender or a title loan lender
11 unless the person obtains a license under ORS 725A.024.

12 (b) A person may not act as an agent, broker or facilitator for making a payday loan or title
13 loan unless the person obtains a license under ORS 725A.024, regardless of whether the principal
14 that makes the payday loan or title loan must obtain a license under paragraph (a) of this sub-
15 section.

16 *[(2)(a) Except as provided in paragraph (b) of this subsection, a person subject to the provisions*
17 *of subsection (1) of this section may not deposit a consumer's check, withdraw funds electronically from*
18 *a consumer's account or otherwise collect the principal of, interest on, or a fee or charge for a loan*
19 *subject to ORS 725A.010 to 725A.092 and 725A.990 if at the time the person makes the loan the person*
20 *is not in compliance with subsection (1) of this section.]*

21 *[(b) A person subject to subsection (1) of this section may process a payment for or collect a loan*
22 *if:]*

23 *[(A) The terms and conditions of the loan substantially comply with the provisions of ORS*
24 *725A.010 to 725A.092 and 725A.990;]*

25 *[(B) The person proves to the Director of the Department of Consumer and Business Services by*
26 *clear and convincing evidence that the person did not know that the person was required to comply*
27 *with the provisions of subsection (1) of this section; and]*

28 *[(C) The person obtains a license under ORS 725A.024 within 90 days after becoming aware of or*
29 *receiving actual notice of the requirement for a license.]*

30 **(2) If at the time a person made a payday loan or title loan the person did not have a li-**
31 **cence from the Director of the Department of Consumer and Business Services under ORS**
32 **725A.024, the payday loan or title loan is void, and the person, or a successor, assignee or**
33 **affiliate of the person, may not deposit a borrower's or consumer's check, withdraw moneys**
34 **from a borrower's or consumer's account or otherwise collect, receive or retain principal,**
35 **interest, a fee or a charge related to or in connection with the payday loan or title loan.**

36 (3) Subsection (1) of this section does not apply to a person that does not collect a fee or con-
37 sideration in connection with a payday loan or title loan or an application for a payday loan or title
38 loan and:

39 (a) Does not interact directly with a borrower or consumer;

40 (b) Acts solely as an intermediary between the borrower or consumer and a lender or a person
41 that conducts business as a broker or facilitator for a payday loan or title loan;

42 (c) Transmits information, electronically or otherwise, concerning the borrower or consumer to
43 a lender or a person that conducts business as a broker or facilitator for a payday loan or title loan;

44 or

45 (d) Prepares, issues or delivers a negotiable instrument to a lender or a person that conducts

1 business as a broker or facilitator for a payday loan or title loan, for subsequent delivery to a bor-
2 rower or consumer.

3 **(4) The director by order may determine whether and how a person may collect principal,**
4 **interest, a fee or a charge related to or in connection with a payday loan or title loan if the**
5 **director determines that a license the director issued under ORS 725A.024 lapsed inadvert-**
6 **ently or by mistake.**

7 **SECTION 3. The amendments to ORS 725.045 and 725A.020 by sections 1 and 2 of this 2015**
8 **Act apply to consumer finance loans, payday loans and title loans that a person makes be-**
9 **fore, on and after the operative date specified in section 4 of this 2015 Act.**

10 **SECTION 4. (1) The amendments to ORS 725.045 and 725A.020 by sections 1 and 2 of this**
11 **2015 Act become operative 91 days after the effective date of this 2015 Act.**

12 **(2) The Director of the Department of Consumer and Business Services may take any**
13 **action before the operative date specified in subsection (1) of this section that is necessary**
14 **to enable the director to exercise, on and after the operative date specified in subsection (1)**
15 **of this section, all of the duties, functions and powers conferred on the director by the**
16 **amendments to ORS 725.045 and 725A.020 by sections 1 and 2 of this 2015 Act.**

17 **SECTION 5. This 2015 Act being necessary for the immediate preservation of the public**
18 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
19 **on its passage.**

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