

**PROPOSED AMENDMENTS TO
SENATE BILL 276**

1 On page 1 of the printed bill, delete lines 18 through 28 and insert:

2 “(2) ‘Buy-here-pay-here lender’ means a vehicle dealer that engages in the
3 business of entering into vehicle finance contracts, at least 10 percent of
4 which are buy-here-pay-here vehicle finance contracts.

5 “(3) ‘Buy-here-pay-here vehicle finance contract’ means:

6 “(a) A retail installment contract, as defined in ORS 83.510, of not more
7 than \$50,000 in which:

8 “(A) The consumer purchases a motor vehicle, recreational vehicle, boat
9 or mobile home subject to the terms of the retail installment contract;

10 “(B) The vehicle dealer originates or executes the retail installment con-
11 tract;

12 “(C) The vehicle dealer that originates or executes the retail installment
13 contract is an independent dealer that sells used motor vehicles and is not
14 a dealer or franchisee, as those terms are defined in ORS 650.120; and

15 “(D) The vehicle dealer does not assign the retail installment contract to
16 an unaffiliated third party within 45 days after the consumer purchases the
17 motor vehicle; or

18 “(b) A loan or contract of not more than \$50,000 that the Director of the
19 Department of Consumer and Business Services determines is substantially
20 equivalent to a retail installment contract described in paragraph (a) of this
21 subsection and designates by rule or order as a buy-here-pay-here vehicle fi-
22 nance contract.”.

1 On page 2, delete lines 1 through 4.

2 In line 8, before the period insert “or entering into vehicle finance con-
3 tracts”.

4 In line 25, delete the fourth “loan” and insert “finance contract”.

5 On page 7, line 28, delete “loan” and insert “finance contract”.

6 On page 10, delete lines 7 through 45 and insert:

7 **“SECTION 16. (1) A buy-here-pay-here lender may not:**

8 **“(a) Enter into a buy-here-pay-here vehicle finance contract with**
9 **a rate of interest that exceeds the federal funds rate in effect at the**
10 **time the consumer executes the buy-here-pay-here vehicle finance**
11 **contract, plus an additional 17 percent, except that the buy-here-pay-**
12 **here lender shall reduce the interest rate in the buy-here-pay-here**
13 **vehicle finance contract to account for the cash amount the consumer**
14 **paid at the time of the transaction and the interest rate in the buy-**
15 **here-pay-here vehicle finance contract may not exceed 20 percent.**

16 **“(b) Enter into a buy-here-pay-here vehicle finance contract with**
17 **a consumer without forming a good faith belief that the consumer has**
18 **the ability to perform according to the terms of the buy-here-pay-here**
19 **vehicle finance contract. In forming a good faith belief under this**
20 **paragraph, a buy-here-pay-here lender shall consider guidelines that**
21 **the Director of the Department of Consumer and Business Services**
22 **specifies by rule, which may require an evaluation of a consumer’s net**
23 **income and expenses. A buy-here-pay-here lender presumptively has**
24 **formed a good faith belief under this paragraph if the buy-here-pay-**
25 **here lender complies with the guidelines that the director specifies.**

26 **“(c) Disclose the purchase price for a motor vehicle, recreational**
27 **vehicle, boat or mobile home to a consumer only after determining the**
28 **consumer’s creditworthiness.**

29 **“(d) Include in a buy-here-pay-here vehicle finance contract:**

30 **“(A) A hold-harmless clause;**

1 **“(B) A confession of judgment or other waiver of the right to notice**
2 **and the opportunity to be heard in an action;**

3 **“(C) A provision in which the consumer agrees not to assert against**
4 **the buy-here-pay-here lender or a holder in due course a claim or de-**
5 **fense that arises out of the buy-here-pay-here vehicle finance contract;**

6 **“(D) An executory waiver or a limitation of exemption from at-**
7 **tachment, execution or other process on real or personal property the**
8 **consumer holds, owns or is due, unless the waiver or limitation applies**
9 **only to property that is subject to a security interest the consumer**
10 **executed in connection with the buy-here-pay-here vehicle finance**
11 **contract; or**

12 **“(E) A clause that permits interest to continue after the security**
13 **for the buy-here-pay-here vehicle finance contract has been repos-**
14 **sessed.**

15 **“(e) Require or accept from a consumer a set of keys to a motor**
16 **vehicle, recreational vehicle, boat or mobile home, the title to which**
17 **secures the buy-here-pay-here vehicle finance contract.**

18 **“(f) Enter into more than one buy-here-pay-here vehicle finance**
19 **contract that is secured by one title, if the first buy-here-pay-here**
20 **vehicle finance contract remains unpaid.**

21 **“(g) Enter into a buy-here-pay-here vehicle finance contract with-**
22 **out providing the consumer with a statement that reads, in English**
23 **and in the language that the buy-here-pay-here lender and the con-**
24 **sumer used to negotiate the buy-here-pay-here vehicle finance con-**
25 **tract:**

26

27 **“** _____

28 **If you believe the vehicle dealer has used unfair or deceptive prac-**
29 **tices or methods in connection with a vehicle finance contract, you**
30 **may contact Oregon’s Department of Consumer and Business Services**

1 at _____.

2 After you sign this contract, the vehicle dealer may not change the
3 financing or payment terms unless you agree in writing to the change.
4 You do not have to agree to any change. If the vehicle dealer makes
5 a change to the contract without your written agreement, that is an
6 unfair or deceptive practice, and you should contact the Department
7 of Consumer and Business Services.

8

9 I have read and understood the contents of this notice.

10 _____ (consumer's signature)

11

12 “ _____

13

14 “(h) Begin repossession of a motor vehicle, recreational vehicle,
15 boat or mobile home that is security for a buy-here-pay-here vehicle
16 finance contract within 30 days after the consumer fails to make a
17 scheduled payment under the buy-here-pay-here vehicle finance con-
18 tract.

19 “(i) Refuse to accept a scheduled, periodic payment from a con-
20 sumer or refuse to accept payment to satisfy a delinquency charge,
21 penalty interest or fee related to a repossession if the consumer offers
22 to pay the amount due in full.

23 “(j) Charge a consumer more than 7.5 percent of the purchase price
24 for the motor vehicle, recreational vehicle, boat or mobile home that
25 secures the buy-here-pay-here vehicle finance contract as a fee, pen-
26 alty or other charge related to repossessing the motor vehicle, recre-
27 ational vehicle, boat or mobile home.

28 “(k) Install a device that remotely monitors or disables the ignition
29 or another vital system in a motor vehicle, recreational vehicle, boat
30 or mobile home.

1 **“(2) The provisions of subsection (1) of this section are in addition**
2 **to and not in lieu of the provisions of ORS 83.510 to 83.680.”.**

3 On page 11, delete lines 1 through 23.

4 In line 34, delete the second “loan” and insert “finance contract”.

5 On page 13, line 18, delete “loan transactions that occur” and insert “fi-
6 nance contracts into which a consumer enters”.

7
