

SB 722 A -A4 STAFF MEASURE SUMMARY

House Committee On Business and Labor

Prepared By: Jan Nordlund, LPRO Analyst

Meeting Dates: 5/8, 5/22

WHAT THE MEASURE DOES:

Allows a fee of no more than \$100 for debt management service provider who improves or preserves a consumer's credit history, but does not conduct other activities. Allow this fee to increase to \$120 if Director of Department of Consumer and Business Services (DCBS) agrees. Allows consumer to void contract for debt management services if charged fees above legal limits, and prohibits consumer from waiving this right. Allows Director to adjust fees by rule. Applies to agreements entered on or after operative date.

- Minimal expenditure impact; Minimal revenue impact
- Senate vote 29-0

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-A4 Allows fee of up to \$50 per month for credit repair services. Provides that initial fee charged counts as first month's fee.

- Minimal expenditure impact; No revenue impact

BACKGROUND:

Debt management service providers are individuals or entities who accept a fee or consideration for assisting consumers with credit repair or debt repayment. Services may include collecting money from consumers and distributing it to appropriate creditors, seeking modifications of credit terms on behalf of consumers, or providing other services to improve consumers' credit reports. Currently, under Oregon law, persons or entities providing debt management services must register with DCBS, unless they are exempt, and the law regulates certain fees they charge.

Senate Bill 722-A sets a maximum fee of \$100 for debt management service providers who improve or preserve a consumer's credit history, but do not conduct a budget analysis, act as a broker for another debt management service provider, or engage in other debt management activities. The DCBS Director can increase the fee to \$120 based on the type of education and counseling services provided. SB 722-A also allows a consumer to void a contract for debt management services if charged fees above the legal limits and prohibits consumers from waiving this right. The consumer can recover fees paid and attorneys fees from enforcing these rights. Finally, SB 722-A allows the DCBS Director to adjust all statutory fees for debt management service providers by rule to reflect inflation and in consideration of fees in other states.