



Oregon Law Center Supports HB 2356A with the Dash 5 Amendments

HB 2356A with the Dash 5 technical amendments will allow legitimate debt buyer and debt collection businesses to thrive while ensuring that bad actors do not prey on vulnerable populations. The bill provides reasonable regulations protecting consumers from inaccurate or inappropriate lawsuits on expired or invalid debt.

The proponents worked closely with stakeholders to craft the A-engrossed bill, which passed unanimously out of the House Business and Labor Committee to Ways and Means. The Dash 5 amendments are consensus technical amendments, described below. The fiscal impact of the bill will be neutral.

Brief Summary of the Bill

Establishes Debt Buyer Pleading Requirements

- Specifies the content of an initial pleading in a lawsuit filed by a debt buyer. Pleadings must include information about the debt, including: the name of the original creditor, a detailed itemization of any fees, interest, or other amounts added to the debt, and the date the debt buyer purchased the debt. This ensures consistency and provides debtors with information sufficient to identify the debt.
- Provides that a court may not enter a judgment unless the pleading requirements have been met.
- Allows the prevailing debt buyer to collect attorney fees if the contract so provides.
- Allows the debtor to request copies of documentation of the debt, and provides that the debt buyer must stop collection attempts until it has provided that documentation within 30 days.

Prohibits Certain Debt Collection Practices

- May not collect medical debt knowing that it is covered by OHP or Medicaid (state and federal law prohibit billing for expenses covered by OHP or Medicaid.)
- May not collect debt that the collector knows to be expired past the applicable statute of limitations.
- May not collect debt the collector knows is not authorized by contract or law.
- May not collect debt without complying with the pleadings and documentation requirements or without possessing sufficient documentation to establish the validity of the debt.



Licensing of the Debt Buying Industry

- Requires debt-buying companies to register with the Department of Consumer and Business Services, and obtain a license that can be retained by meeting basic minimum standards of practice.

The Dash 5 amendment does the following three things:

- The Debt Collectors' association prefers "files" a case instead of "brings" a case to court. This amendment makes that change consistent throughout the bill.
- There was a recent Oregon Supreme Court case that touched on debt collection practices. While it wasn't dispositive to anything directly related to the bill, it did bring up a discussion about whether the *amount and rate* of interest should be included in pleadings – not just the amount. Stakeholders agreed to add that to the pleading requirements.
- Deletes the affidavit requirement in the initial pleading. This is essentially duplicative of another provision of the bill that requires debt buyers to have the documentation before they file in court. Stakeholders agreed to delete this requirement.