

SB 722 B STAFF MEASURE SUMMARY

Carrier: Rep. Kennemer

House Committee On Business and Labor

Action Date: 05/22/17

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Vote: 8-0-1-0

Yeas: 8 - Barreto, Bynum, Doherty, Fahey, Hack, Heard, Holvey, Kennemer

Exc: 1 - Evans

Fiscal: Has minimal fiscal impact

Revenue: Has minimal revenue impact

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WHAT THE MEASURE DOES:

Allows a fee of no more than \$50 per month for debt management service provider who improves or preserves a consumer's credit history but does not provide other debt management services. Applies initial fee to first month's fee. Allows consumer to void contract for debt management services if service provider charges higher fees than allowed by statute. Requires debt management service provider to return to consumer all money paid for service and reimburse for attorney fees if service provider charges higher fees than allowed by statute. Provisions apply to agreements entered on or after operative date of January 1, 2018. Takes effect 91 days following adjournment sine die.

ISSUES DISCUSSED:

- Effect of poor credit rating
- Existing law does not provide ability to charge for credit repair services
- Ability for individual attorneys, but not law firms, to provide and charge for credit repair as an incidental service

EFFECT OF AMENDMENT:

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

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. Under Oregon law, persons or entities providing debt management services must register with Department of Consumer and Business Services, unless specifically exempt; the law also regulates fees they may charge.

Senate Bill 722-B sets a maximum fee of \$50 per month for debt management service providers who provide services limited to repairing a consumer's credit record, credit history or credit rating. The measure allows a consumer to void a contract and have money refunded and attorney fees reimbursed if the debt management service provider charges fees in excess of the statutory maximum.