



February 8, 2023

TO: House Committee on Business & Labor
FR: Charlie Fisher, OSPIRG
RE: In Support of HB 2801

OSPIRG is a statewide, grassroots, public interest organization representing thousands of Oregonians.

OSPIRG supports HB 2801

We've long been aware of the problem of yo-yo financing and have warned our members and the public over the years to avoid practices like these that ramp up pressure on consumers.

According to the Federal Trade Commission (FTC), this tactic occurs when dealers "deceptively or unfairly induce consumers who have signed contracts and driven off the lots with the vehicles to sign new contracts and pay a higher interest rate, make an additional down payment, or agree to other terms that differ materially from the original terms to which the consumer agreed."

This tactic typically begins when a customer is told by the dealer they have been approved for financing, signs every document presented by the dealer, and drives off the lot thinking the deal is done. Contrary to what the consumer was told, the dealer considers that it made a "spot delivery" of a vehicle before financing was finalized. For the dealer, despite what the consumer was told and what the contract might say, the dealer does not consider the financing finalized unless and until the dealer receives payment from the financial company to whom it wants to sell the credit contract. If the dealer's sale of the credit contract to that financial company falls through for whatever reason, dealers then tell the consumer that some of the terms must change, or the car itself must change, or that no deal will be honored. According to the FTC, some dealers will never even attempt to sell the original credit contract.

They will then tell the customer that financing has fallen through, and falsely claim that without agreeing to new terms the customer will lose his or her loan or down payment, or threaten to report the car as stolen and have the customer arrested.

Consumers shouldn't have to worry about reading the fine print in order to avoid deceptive practices like yo-yo financing. **We urge you to protect consumers and support HB 2801.**