

**Testimony Submitted by
Chris Coughlin, Policy Director
Oregon Consumer Justice
To the House Committee on Business and Labor**

February 8, 2023

Regarding: Support for HB 2801

Chair Holvey, Vice-Chair Sosa, Vice-Chair Elmer, and Members of the Committee,

For the record, my name is Chris Coughlin, and I appreciate the opportunity to testify on behalf of Oregon Consumer Justice today in support of HB 2801.

Oregon Consumer Justice (OCJ) advances a justice movement to ensure Oregonians have the freedom to thrive and equitably share in our abundance of resources. For too long, flawed systems and economic policies that favor profits over people have stood in the way of this reality, with communities of color most often experiencing the greatest harm. Strengthened through responsive and reciprocal community relationships, OCJ organizes, advocates, and litigates to put people first. We envision an inclusive future where financial and business transactions can be relied upon as safe and where all Oregonians know and have recourse to exercise their consumer rights.

Owning a car is often essential to maintain employment, access education, or obtain medical care for oneself or a loved one. Car buying, as it presently operates, is often a stressful process representing the most expensive purchase many consumers will ever make. The economic stability of Oregonian families should not be threatened by uncertain auto financing terms. We think that car buying can be a transparent process where consumers can trust that dealers will stick to agreed-upon terms without manipulation or misrepresentation.

This week, [NPR published an article and radio story](#) highlighting yo-yo car sales. NPR sent a survey to consumer attorneys who work on auto cases across the country. Forty of them responded. Together, those few dozen lawyers said they've gotten calls from nearly 900 car buyers in just the past year who say they felt victimized by a yo-yo car sale.

Right now, in Oregon, you can go into a car dealer, shop for a car, sign all the paperwork, and leave with the car thinking you have finalized the deal. However, car dealers still have 14 days to sell your loan. During that time, they can pull you back into the dealership to sign different financing terms—a yo-yo car sale. As John Van Alst, an attorney with the nonprofit National Consumer Law Center, shared in the NPR article, "They want you to feel bound by the contract, but they want to be able to walk away."

HB 2801 will make the process more transparent and fair. It will:

- Ensure auto sales are not based on contingent financing
- Give dealers 14 days to finalize a lender; if they can't find one within that time, the auto dealer is obligated to hold the loan at the initial agreed-upon terms
- Ensure that loan payments to the dealer are clearly outlined in notices and processes
- Require auto dealers to comply with loan and payment notice requirements and timelines, or they will lose all collection rights, including repossession rights

We acknowledge that this will mean some changes to current business practices of dealers. We believe that these important changes will make car buying more fair and equitable.

HB 2801 is needed because:

- Car dealerships have outsized power in the car buying process. Dealers often walk consumers along a predatory path that leverages pressure tactics, manipulation, and vague or misrepresentative communications
- These predatory auto purchasing practices more often target BIPOC and immigrant communities and people with limited English proficiency
 - In [listening sessions conducted by Oregon Consumer Justice \(OCJ\)](#), participants most frequently raised issues with auto dealers, from the quality of the vehicles sold to predatory and unfair financing

- The Federal Trade Commission (FTC) reports that [consumers of color often pay higher prices for autos and experience discrimination during sales and financing](#)
- In 2021, auto sales and repairs topped the Oregon Department of Justice's [consumer complaint list](#)

We urge your support for HB 2801 to remove the uncertainty from car purchasing and make the process more transparent and fair.

Thank you for your consideration and your service to Oregon's communities.