



2026 Legislative Session

HB 4116: PUT A STOP TO PREDATORY LENDING

Office of Representative Nathan Sosa
Rep.NathanSosa@oregonlegislature.gov

Problem

Since 2007, consumer finance lenders in Oregon have been subject to a 36% interest rate cap on short-term loans. Currently, a loophole in federal law allows out-of-state online lenders to bypass this cap and charge customers exorbitant interest rates of 73% - 200%.

Scope

Of the 190 licensed consumer finance companies that do business in Oregon, only 5 of them offer these high-interest loans.

Since 2020, however, nearly 22,000 of these high-interest loans have been issued to Oregonians. A typical loan of \$3,000 with a 124% interest rate over three years means that the consumer will wind up paying \$11,493.43 (rather than \$4,946.81, if the loan complied with our cap of 36%).

Consumers who take out these high-interest loans are often caught in a cycle of debt and financial instability.

Solution

This bill would opt Oregon out of the loophole in federal law and require these online lenders to comply with our interest rate cap.



OregonConsumerLeague

