Chapter 725

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Consumer Finance

725.010 Definitions
725.015 Construction of chapter
725.020 Short title
725.026 Existing contracts not affected
725.027 Licenses of persons licensed under ORS chapter 725 or 727 on August 3, 1955, continued in force
725.045 License required for certain consumer loans
725.050 Prohibited transactions
725.060 False advertising prohibited
725.110 Residence qualifications of licensees
725.120 Application for license; notice of filing; annual fee
725.140 Issuance of license; conditions
725.145 Disapproval of application for license
725.150 Disapproval of application
725.160 Form of license; posting; transferability
725.185 License fees; fees for extra service
725.190 Annual report of licensee; penalty for failure to report
725.210 Additional licenses to same applicant
725.220 Change of place of business
725.230 Revocation and suspension of licenses
725.235 License denial procedure; hearing
725.250 Surrender of license
725.260 Expiration of license; effect of expiration, revocation or surrender
725.270 Reinstatement of revoked license; fee
725.310 Investigation and examination of licensees
725.312 Inspection and examination of licensees
725.315 Removal or suspension of officer of licensee
725.317 Removal of officer of licensee for reasons stated in ORS 725.145
725.319 False information in course of investigation or examination prohibited
725.320 Rulings of director
725.330 Books and records of licensee
725.340 Interest and other charges
725.345 Open-end loan plan; interest; additional charges; security for plan; necessary disclosures
725.347 Open-end credit card plan authorized
725.349 Application of ORS 725.210 to certain loans and advances
725.355 Prohibition against assignment of earnings for loan security
725.360 Licensee duty toward borrowers
725.370 Lawful loans in other jurisdictions not affected by this chapter
725.385 Duty to give notice of suspected defalcation to law enforcement officer; investigations; costs
725.395 Director to give notice of suspected defalcation to law enforcement agency; exceptions
725.400 Cease and desist order
725.410 Enforcement actions
725.505 Rulemaking authority; notice
725.510 Person not liable for good faith acts or omissions
725.910 Civil penalties

CROSS REFERENCES

Administrative procedures and rules of state agencies, 183.310 to 183.550

Credit life and credit health insurance, 83.580, 743.371 to 743.380

Debt consolidating, 697.602 to 697.842

Interest rates, limits and computation methods, exemption, 82.025

Pawnbrokers, Ch. 726

Retail installment contracts, Ch. 83

725.010 Definitions. As used in this chapter:

(1) "Department" means the Department of Consumer and Business Services.

(2) "Director" means the Director of the Department of Consumer and Business Services.

(3) "Licensee" means every person licensed under this chapter. [Amended by 1985 c.762 §106; 1987 c.373 §66; 1993 c.744 §26]

725.015 Construction of chapter. Nothing in this chapter shall be construed or held to limit the rights, powers or privileges granted to any person by any law of this state or of the United States whereby the loaning of money or extending of credit is regulated, provided that such person is operating in compliance with the provisions of such law. [Formerly 725.040]

725.020 Short title. This chapter shall be known as the Oregon Consumer Finance Act. [Amended by 1955 c.71 §1]

725.025 [1955 c.71 §14; repealed by 1987 c.650 §21]

725.026 Existing contracts not affected. Nothing contained in chapter 71, Oregon Laws 1955, shall be construed to impair or affect the obligation of any contract lawfully made prior to August 3, 1955, including any lawful contract made by a licensee under ORS chapter 725 (1953 Edition) or ORS chapter 727 (1953 Edition). [1955 c.71 §16]

725.027 Licenses of persons licensed under ORS chapter 725 or 727 on August 3, 1955, continued in force. (1) Any person licensed under and subject to ORS chapter 725 on August 3, 1955, is deemed to be licensed under and subject to ORS chapter 725 during the period from August 3, 1955, to and including December 31, 1955. Any person not licensed under and subject to ORS chapter 725, but who holds a license under ORS chapter 727 on August 3, 1955, and who held such license on January 1, 1955, is deemed to be licensed under and subject to ORS chapter 725 during the period from August 3, 1955, to and including December 31, 1955. Only one license shall be issued for each licensed office, irrespective of whether such office is licensed under both ORS chapter 725 and ORS chapter 727 and irrespective of whether the two licenses are held by different persons. The director shall charge no further fees for the continuance of a license as provided in this subsection. The director shall investigate the facts and determine whether this section entitles a person to a continuance of a license.

(2) Any license in effect on December 31, 1955, under subsection (1) of this section, shall be continued in force as long as the standards are maintained under ORS chapter 725, by payment of the required annual license fee, and such license shall be evidenced by a new certificate which shall be a continuing license. [1955 c.71 §15; 1985 c.762 §113]

725.030 [Amended by 1955 c.71 §2; 1971 c.450 §1; 1973 c.428 §1; 1975 c.567 §1; repealed by 1981 c.412 §9 (725.031, 725.036 and 725.041 enacted in lieu of 725.030)]

725.031 [1981 c.412 §10 (725.031, 725.036 and 725.041 enacted in lieu of 725.030); repealed by 1987 c.215 §24]

725.036 [1981 c.412 §11 (725.031, 725.036 and 725.041 enacted in lieu of 725.030); repealed by 1987 c.215 §24]

725.040 [Renumbered 725.015]

725.041 [1981 c.412 §12 (725.031, 725.036 and 725.041 enacted in lieu of 725.030); repealed by 1987 c.215 §24]

725.045 License required for certain consumer loans. No person, without first obtaining a license under this chapter, shall make a consumer loan of $50,000 or less, except as provided under ORS 82.010, 82.020 and 82.025. [1989 c.424 §2]

725.050 Prohibited transactions. No licensee shall take:

(1) Any power of attorney from any borrower, except a power of attorney to effectuate the transfer of the ownership of any motor vehicle at the time of making a loan on a motor vehicle.

(2) Any note or promise to pay which does not accurately disclose the actual amount of the loan, the time for which it is made, the rate of interest charged or the schedule of payments agreed upon, or any instrument in which blanks are left to be filled in after execution. [Amended by 1955 c.71 §3; 1971 c.450 §2; 1979 c.88 §41; 1981 c.412 §13]

725.060 False advertising prohibited. No licensee or other person shall advertise, print, display, publish, distribute or broadcast or cause or permit to be advertised, printed, displayed, published, distributed or broadcast in any manner whatsoever any statement or representation with regard to the rates, terms or conditions for loans which is false, misleading or deceptive.

725.110 Residence qualifications of licensees. No license shall be granted to any person, partnership, association or corporation unless that person and all members of any such partnership or association are bona fide residents of this state and unless such corporation is an Oregon corporation in good standing or a foreign corporation legally qualified to do business in this state.

725.120 Application for license; notice of filing; annual fee. (1) Application for the license shall be in writing in the form prescribed by the director and shall contain the name and both the residence and business addresses of the applicant, and if the applicant is a partnership or association, of every member thereof, and if a corporation, of each

officer and director thereof. The application shall also contain the county and city with street and number, if any, where the business is to be conducted and any other information which the director may require.

(2) Notice of the filing of the application shall be posted in the office of the Department of Consumer and Business Services for 30 days and no license shall be issued before the expiration of such 30-day period. However, the director may waive the posting of notice and issue a license without regard to such 30-day period if the application is for a license at a location where a license has been surrendered because of:

(a) The transfer of the business of the licensee, and the applicant is the transferee;

(b) The death of the licensee, and the applicant is a representative or heir of the licensee; or

(c) The change of the name under which the licensee does business, and the applicant is the same licensee.

(3) An applicant at the time of making application shall pay to the director a license fee determined under ORS 725.185 for the period terminating on the last day of the current calendar year. In case the license is not issued for cause or if the application is withdrawn after the applicant has been investigated by the director, there shall be refunded to the applicant all the license fee except any portion thereof determined by the director to reflect administrative and investigative costs incurred by the section relative to the application. Otherwise no part of any license fee shall be refunded. [Amended by 1955 c.71 §4; 1977 c.135 §49; 1985 c.762 §114]

725.125 [1971 c.450 §5; repealed by 1973 c.428 §11]

725.130 [Repealed by 1955 c.71 §17]

725.140 Issuance of license; conditions. (1) Conditioned upon the applicant's compliance with this chapter and the payment of the license fee, the director, within 90 days after the date of filing the application referred to in ORS 725.120, shall disapprove the application or shall issue and deliver a license to the applicant to make loans in accordance with this chapter at the location specified in the application. However, before issuing a license, the director must first find upon investigation:

(a) That the financial responsibility, experience, character and general fitness of the applicant, and of the members thereof if the applicant is a partnership or association, and of the officers and directors thereof if the applicant is a corporation, are such as to command the confidence of the community and to warrant the belief that the business will be operated honestly, fairly and efficiently within the purposes of this chapter; and

(b) That allowing the applicant to engage in business will promote the convenience and advantage of the community in which the business of the applicant is to be conducted, and in the absence of any other reason or condition which in the judgment of the director would warrant the refusal to grant a license.

(2) A license issued under this section shall be a continuing license and need not be issued annually, and shall remain in full force and effect until the license is surrendered by the licensee as provided in ORS 725.250 or revoked or suspended as provided in ORS 725.230. [Amended by 1955 c.71 §5; 1963 c.167 §1; 1977 c.135 §50; 1985 c.762 §115]

725.145 Disapproval of application for license. The director may disapprove an application for a license if any person named in the application submitted pursuant to ORS 725.120:

(1) Is insolvent, either in the sense that the person's liabilities exceed the person's assets or that the person cannot meet the person's obligations as they mature, or is in such financial condition that the person cannot continue in business with safety to the person's customers;

(2) Has engaged in dishonest, fraudulent or illegal practices or conduct in any business or profession;

(3) Has knowingly or repeatedly violated or failed to comply with any provision of the Oregon Bank Act, the Savings Association Act, the Oregon Credit Union Act, the Oregon Consumer Finance Act or the Pawnbrokers Act, or any administrative rule or order adopted pursuant to any such Act;

(4) Has been convicted of a crime, an essential element of which is fraud;

(5) Is permanently or temporarily enjoined by a court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the consumer finance business;

(6) Is the subject of an order of the director, subjecting the person to a fine or other civil penalty under the Bank Act, ORS chapter 722 or 723 or this chapter, or removing the person from an office in any entity regulated under the Bank Act, ORS chapter 722 or 723 or this chapter; or

(7) Is the subject of an order entered within the past five years, subjecting the person to a fine or other civil penalty, or removing the person from an office in a state banking institution, a national bank, a state or federal savings association, a state or federal credit union or a consumer finance

company, issued by the regulatory authority of another state or of the Federal Government with authority over such banking institutions, savings associations, credit unions or consumer finance companies. [1977 c.135 §48; 1985 c.762 §116; 1987 c.373 §68; 1987 c.650 §11]

725.150 Disapproval of application. If the director disapproves an application for a license, the director shall notify the applicant immediately, giving the reason for the disapproval. [Amended by 1985 c.762 §117; 1987 c.650 §12]

725.160 Form of license; posting; transferability. The license shall be in a form prescribed by the director and shall state the address at which the business is to be conducted and the full name of the licensee. The license shall be kept conspicuously posted in the place of business of the licensee and shall not be transferable or assignable. [Amended by 1955 c.71 §6; 1985 c.762 §118]

725.170 [Repealed by 1955 c.71 §17]

725.180 [Amended by 1955 c.71 §7; 1977 c.135 §53; repealed by 1985 c.762 §196]

725.185 License fees; fees for extra service. (1) Each licensee shall pay to the director each year the license fee determined by reference to the schedule adopted by the director under ORS 705.620. The fee shall be paid by the date set by the director in the rule establishing the schedule.

(2) In addition to any license fee collected under subsection (1) of this section, whenever the director devotes any extra attention to the affairs of a licensee, either upon determination by the director or upon request of the licensee, the fee for the extra service shall be the actual cost thereof. [1985 c.762 §119; 1987 c.171 §7; 1987 c.373 §69]

725.190 Annual report of licensee; penalty for failure to report. (1) On or before February 15 of each year every licensee shall file a report with the director giving such relevant information as the director may require concerning the business and operations during the preceding calendar year of each licensed place of business conducted by the licensee within the state. The report shall be made under oath and shall be in the form prescribed by the director.

(2) Every licensee who fails to file any report required under this chapter within the time specified may be subject to a penalty of $10 per day for each day's delay. [Amended by 1955 c.71 §8; 1973 c.428 §2; 1985 c.762 §120]

725.200 [Repealed by 1971 c.743 §432]

725.210 Additional licenses to same applicant. No licensee shall transact any business within the scope of this chapter except under the name and at the place of business named in the license. The director may issue more than one license to the same licensee if the licensee complies with all the provisions of this chapter governing an original issuance of a license for each such additional license. However, each additional license shall be for a separate and distinct place of business for making and completing loans as provided in this chapter. [Amended by 1985 c.762 §121]

725.220 Change of place of business. (1) When a licensee wishes to change the place of business to another location within the same city, the licensee shall submit written notice thereof, together with the license, to the director. If the director, upon investigation, finds that allowing the licensee to engage in business at the proposed new location will promote the convenience and advantage of the community in which the proposed new location of the business is situated, the director shall amend the license of the licensee to reflect the new location and shall return the amended license to the licensee. If the director disapproves the proposed new location of the business, the director shall immediately notify the licensee of the disapproval and return the license unchanged to the licensee.

(2) No change in the place of business of a licensee to a location outside the city named in the original license may be allowed under the same license. [Amended by 1955 c.71 §9; 1985 c.762 §122; 1987 c.650 §13]

725.230 Revocation and suspension of licenses. (1) The director may revoke any license under this chapter upon 10 days' notice to the licensee stating the contemplated action and in general the grounds therefor and upon reasonable opportunity for a hearing in connection therewith, if the director finds that:

(a) The licensee has failed to pay the annual license fee or to comply with any demand, ruling or requirement of the director made pursuant to this chapter or to comply with the provisions of law to keep the corporation in good standing if such licensee is a corporation;

(b) The licensee has violated any provisions of this chapter or any rule made by the director under the authority of this chapter; or

(c) Any fact or condition exists which, if it had existed at the time of the original application for such license, clearly would have warranted the director in refusing originally to issue the license.

(2) The director, without notice or hearing, may suspend any license for a period not exceeding 30 days, pending investigation.

(3) The director may revoke or suspend only the particular license with respect to which grounds for revocation or suspension

may occur or exist, or, if the director finds that such grounds for revocation or suspension are of general application to all offices or to more than one office operated by a licensee, the director may revoke or suspend all the licenses or such number of licenses issued to the licensee as the grounds for revocation or suspension apply to, as the case may be. [Amended by 1955 c.71 §10; 1985 c.762 §123]

725.235 License denial procedure; hearing. (1) If the director denies a license, or proposes to revoke or suspend a license, opportunity for hearing shall be accorded as provided in ORS 183.310 to 183.550.

(2) Conduct of hearings, issuance of orders and judicial review of rules and orders shall be as provided in ORS 183.310 to 183.550. [1971 c.734 §176; 1985 c.762 §124; 1987 c.650 §14]

725.240 [Repealed by 1971 c.734 §21]

725.250 Surrender of license. Any licensee may surrender any license issued to the licensee by delivering written notice to the director that the licensee thereby surrenders the license. However, surrender of the license shall not affect the licensee's civil or criminal liability for acts committed prior to the surrender. [Amended by 1985 c.762 §125]

725.260 Expiration of license; effect of expiration, revocation or surrender. The revocation, suspension or surrender of any license shall not impair or affect the rights or obligations of any preexisting lawful contract between the licensee and any borrower. [Amended by 1955 c.71 §11]

725.270 Reinstatement of revoked license; fee. The director may reinstate any revoked license upon the licensee's compliance with the provisions of law or any demand, ruling or requirement made by the director under this chapter. For such reinstatement of license the licensee shall pay a fee of $25. [Amended by 1985 c.762 §126]

725.310 Investigation and examination of licensees. (1) For discovering violations of this chapter and securing information required by the director under this chapter the director at any time may investigate the loans and business, including the books, accounts, records and files used therein, of every licensee.

(2) For purposes of subsection (1) of this section:

(a) The director shall have free access to the place of business, books, accounts, safes and vaults of all such persons.

(b) The director may make an investigation without prior notice to the person being investigated.

(c) The director shall have authority to examine under oath all persons whose testimony the director may require relative to such loans or business.

(3) Each person examined under this section shall pay the actual cost of an investigation to the director. The director may maintain an action for the recovery of such costs in any court of competent jurisdiction. [Amended by 1955 c.71 §12; 1973 c.428 §3; 1981 c.412 §14; 1985 c.762 §127; 1987 c.215 §15]

725.312 Inspection and examination of licensees. (1) Each licensee is subject to inspection by the director. The director shall conduct an examination of each licensee to determine whether the licensee is complying with the provisions of this chapter and rules adopted thereunder and to secure information required by the director under this chapter. The examinations of a licensee shall be conducted not more than 24 months apart.

(2) In addition to examinations under subsection (1) of this section, the director may conduct examinations of a licensee at other times as the director deems necessary.

(3) For purposes of any examination under this section:

(a) The director shall have free access to the place of business and to the books, accounts, safes and vaults of the licensee.

(b) The director may conduct an examination without prior notice to the licensee.

(c) The director shall have authority to examine under oath all persons whose testimony the director may require in order to conduct the examination. [1987 c.215 §14]

725.315 Removal or suspension of officer of licensee. If the director finds that any officer or director of a licensee is dishonest, reckless or incompetent, or refuses to comply with the law, rules of the director or any written requirements or instructions of the director, the director may issue a written order to the individual removing or suspending the individual from the individual's office or position. [1977 c.135 §52; 1985 c.762 §128]

725.317 Removal of officer of licensee for reasons stated in ORS 725.145. The Director of the Department of Consumer and Business Services by order may direct a licensee to remove an officer or director of the licensee from office for any of the reasons stated in ORS 725.145. [1987 c.650 §16]

725.319 False information in course of investigation or examination prohibited. A person may not knowingly give or cause to be given to the director any document or any oral or written statement or report that is false in any material respect, in the course of any investigation or examination by the director under this chapter. [1987 c.215 §12]

725.320 Rulings of director. The director may make such specific rulings, demands and findings as may be necessary for the proper conduct of the business regulated by this chapter and the enforcement of this chapter in addition to and not inconsistent with this chapter. [Amended by 1985 c.762 §129]

725.330 Books and records of licensee. Subject to the provisions of this chapter, the director may prescribe the form of the books and records to be kept by the licensee. All such books and records shall be preserved and available for at least two years after making the final entry on any loan recorded therein. [Amended by 1985 c.762 §130]

725.340 Interest and other charges. (1) A licensee may charge, contract for and receive any interest or consideration for loans, secured or unsecured, as agreed upon by the licensee and the borrower.

(2) When a precomputed loan contract is originally scheduled to be repaid in 62 months or less and requires repayment in substantially equal or consecutive monthly installments of principal and interest combined, the interest or consideration may be precomputed, contracted for and earned on scheduled unpaid principal balances on the assumption that all scheduled payments will be made when due. In such cases, every payment may be applied to the combined total of principal and precomputed interest until the contract is fully paid, and the acceptance or payment of interest or consideration on any loan made under the provisions of this subsection shall not be deemed to constitute payment, deduction or receipt thereof in advance. Such precomputed interest or consideration shall be subject to the following adjustments:

(a) When a default of more than 10 days in the payment of any scheduled installment occurs, the licensee may charge and collect a default charge not exceeding five percent of the unpaid amount of the installment or $5, whichever is less. A default charge may be collected only once on an installment, but may be collected at the time it accrues or at any time thereafter. No default charge may be assessed with respect to an installment which is paid in full on or within 10 days after a scheduled installment due date when an earlier maturing installment or a default or deferral charge on an earlier maturing installment may not have been paid in full even though all or part of such installment payment is applied to an earlier maturing installment, or a default or deferral charge.

(b) If the payment of all unpaid installments is deferred one or more full months, and if the contract so provides, the licensee may charge and collect a deferral charge not exceeding the annual percentage rate previously disclosed to the borrower pursuant to the Federal Consumer Credit Protection (Truth-in-Lending) Act applied to the sum of the installments deferred for the length of the deferral period. The deferral period is that period in which no scheduled installment is required to be paid by reason of the deferral. Such charge may be collected at the time of deferral or at any time thereafter. A deferral charge may not be made for the deferral of any installment with respect to which a default charge has been collected, unless the default charge is deducted from the deferral charge. If prepayment of the loan in full occurs during the deferral period, in addition to any other rebate which may be required, the borrower shall receive a rebate of the portion of the deferral applicable to the unexpired months in the deferral period, for which purpose a fraction of an unexpired month exceeding 15 days shall be deemed to be a month.

(c) Upon prepayment in full of the unpaid balance of a precomputed loan, a rebate of unearned interest or consideration shall be made as provided in this paragraph. The amount of the rebate shall be not less than the total interest contracted for to maturity, less the greater of:

(A) Ten percent of the amount financed or $75, whichever is less; or

(B) The interest or consideration earned to the installment due date nearest the date of prepayment, computed by applying the simple interest rate of the loan to the actual principal balances outstanding, for the periods of time the balances were actually outstanding. For purposes of rebate computations under this subparagraph, the installment due date preceding the date of prepayment shall be considered to be nearest if prepayment occurs 15 days or less after that installment date. If prepayment occurs more than 15 days after the preceding installment due date, the next succeeding installment due date shall be considered to be nearest to the date of prepayment. In determining the simple interest rate, the licensee may apply to the scheduled payments the actuarial method, by which each scheduled payment is applied first to accrued and unpaid interest or consideration, and any amount remaining is applied to reduction of the principal balance.

(3) If the borrower agrees to perform certain duties to insure or preserve the collateral and fails to perform those duties, the licensee may pay for the performance of those duties and add the amounts paid to the unpaid principal balance. A charge may be made for sums advanced, at the rate provided for in the loan agreement.

(4) The loan contract may provide that after default and referral the borrower shall pay the licensee for reasonable attorney fees actually paid by the licensee to an attorney not a salaried employee of the licensee. [Amended by 1955 c.71 §13; 1971 c.450 §3; 1973 c.428 §4; 1975 c.567 §2; 1977 c.432 §1; 1979 c.326 §3; 1979 c.879 §7; 1981 c.412 §15; 1981 c.910 §8a]

725.342 [1979 c.326 §2; repealed by 1981 c.412 §24]

725.345 Open-end loan plan; interest; additional charges; security for plan; necessary disclosures. (1) As used in this section and ORS 725.347, "open-end loan plan" means a plan or arrangement, the agreement for which expressly states that it is made pursuant to this section under which loans are made, and under which:

(a) The licensee may permit the borrower to obtain advances of money from the licensee from time to time or the licensee may advance money on behalf of the borrower from time to time as directed by the borrower;

(b) The unpaid principal balances and interest or consideration are debited to an account;

(c) Interest or consideration is calculated on the unpaid principal balance in the borrower's account from time to time, which balance may include all advances made on behalf of the borrower and all charges authorized under ORS 725.340 and this section; and

(d) The borrower has the privilege of paying the unpaid balance in full or in installments.

(2) A licensee may make loans under an open-end loan plan and may contract for and receive interest or consideration as provided in ORS 725.340.

(3) In addition to the interest or consideration permitted under ORS 725.340, a licensee may contract for and receive on any loan such additional charges as may be agreed upon by the licensee and the borrower.

(4) A security interest in real or personal property may be taken to secure an open-end loan plan. Any security interest in real or personal property shall be promptly released if there has been no outstanding balance for 12 months and the borrower either does not have or surrenders the unilateral right to create a new outstanding balance or if the account is terminated at the borrower's request and paid in full.

(5) ORS 725.050 (2), 725.340 (2) and 725.360 (1), (2) and (4) do not apply to any open-end loan plan.

(6) The open-end loan plan agreement shall contain the name and address of the borrower and of the licensee and shall disclose the date of the agreement, the method of determining the minimum periodic payments which will be required to pay the initial and any subsequent advances, the conditions under which interest or consideration may be imposed, the method of determining the principal balance upon which interest or consideration may be imposed, the method of determining the amount of the interest or consideration, each periodic rate and the range of balances to which each rate is applicable and the corresponding annual percentage rate in accordance with Regulation Z promulgated by the Board of Governors of the Federal Reserve System under section 105 of the Consumer Credit Protection Act (15 U.S.C. 1604), and the nature of the security taken.

(7) Except for an account which the licensee deems to be uncollectible or with respect to which delinquency collection procedures have been instituted, the licensee shall deliver or cause to be delivered to the borrower, for each billing cycle at the end of which there is an unpaid balance of more than $1 in the account or with respect to which interest or consideration is imposed, a statement setting forth the outstanding balance in the account at the beginning of the billing cycle, the nature, date and amount of any subsequent advance during the cycle, the amounts and dates of payments credited to the account during the billing cycle, the amount of any interest or consideration debited to the account during the billing cycle, each periodic rate and the range of balances to which each rate is applicable and the corresponding annual percentage rate in accordance with Regulation Z promulgated by the Board of Governors of the Federal Reserve System under section 105 of the Consumer Credit Protection Act (15 U.S.C. 1604), the balance on which the interest or consideration was calculated, a statement of how that balance was determined, the closing date of the billing cycle, the outstanding balance on that closing date and the minimum monthly payment required. [1977 c.522 §2; 1981 c.412 §16; 1983 c.37 §36d; 1985 c.370 §2]

725.347 Open-end credit card plan authorized. (1) As used in this section, "open-end credit card plan" means an open-end loan plan under which:

(a) The licensee issues one or more cards, checks, letters of credit or other devices to the borrower; and

(b) The borrower may obtain advances from the licensee, either directly or in connection with purchases of goods and services, by using the card, check, letter of credit or other device.

(2) A licensee may transact business and extend credit to borrowers under an open-end credit card plan. A licensee may offer an open-end credit card plan in conjunction with noncredit features or services available to the borrower through use of the card or other device. The noncredit features or services shall not be subject to regulation under this chapter.

(3) The agreement between the licensee and the borrower relating to the open-end credit card plan shall conform to the requirements of ORS 725.345 (6), except that the borrower's name and address and the date of the agreement need not be included in the agreement if the borrower has submitted a signed and dated application to the licensee seeking the issuance of one or more cards or other devices. [1985 c.370 §4]

725.349 Application of ORS 725.210 to certain loans and advances. On and after September 20, 1985, ORS 725.210 applies to loans and advances pursuant to ORS 725.345, provided that a licensee that applied for and received a license before September 20, 1985, for a location outside the State of Oregon may receive and hold one or more licenses relating to locations outside the State of Oregon, including one additional license for a location not licensed on or before September 20, 1985, and may transact business at such licensed locations. With respect to such a licensee only, loans and advances under open-end loan plans or open-end credit card plans shall be considered to be business transacted where the applications or agreements in connection with the loan plans or credit card plans are approved by the licensee. [1985 c.370 §1a]

725.350 [Repealed by 1971 c.232 §4]

725.355 Prohibition against assignment of earnings for loan security. (1) As used in this section, "earnings" means salary, wages or other compensation for service.

(2) No licensee shall take an assignment of earnings as payment of or as security for payment of a loan. An assignment in violation of this subsection is unenforceable by the assignee and revocable by the assignor. Nothing in this subsection is intended to prevent an employee from authorizing deductions from the earnings of the employee if the authorization is revocable.

(3) For the purpose of this section, a sale of unpaid earnings made in consideration of the payment of money to or for the account of the seller of the earnings is considered a loan to the seller, secured by an assignment of earnings. [1971 c.232 §3]

725.360 Licensee duty toward borrowers. Every licensee shall:

(1) Deliver to the borrower at the time any loan is made a statement in the English language showing in clear and distinct terms:

(a) The name and address of the borrower and of the licensee.

(b) The amount and the date of the loan and of its maturity or terms of payment.

(c) The rate of interest agreed upon or consideration to be charged therefor.

(d) The nature of the security for the loan, if a lien on personal property has been taken by chattel mortgage, bill of sale, collateral agreement or otherwise.

(2) Make available to the borrower upon request a plain and complete receipt for all payments made on account of any such loan at the time such payments are received by the licensee, specifying the amount applied to interest, if any, the date to which the interest is paid, the amount applied to principal, if any, and the unpaid principal balance of such loan, if any remains.

(3) Permit payment to be made in advance in any amount on any loan at any time.

(4) Upon repayment of the loan in full or upon renewal thereof, mark indelibly such obligation signed by the borrower with the word "Paid" or "Renewed." In the case of repayment in full the licensee also shall do the following:

(a) To the extent and in the manner required by law, release any mortgage or security agreement that no longer secures a loan, and restore any security or collateral.

(b) Release any Uniform Commercial Code filing that no longer secures a loan, to the extent and in the manner required by ORS 79.4040.

(c) Return any assignment given by the borrower.

(d) Return to the borrower the canceled note evidencing the loan or alternatively, acknowledge in writing to the borrower that the loan has been repaid. [Amended by 1971 c.450 §4; 1973 c.428 §5; 1975 c.567 §3; 1987 c.650 §17]

725.370 Lawful loans in other jurisdictions not affected by this chapter. Loans made or payable in other jurisdictions and lawful where made or payable, are not affected by this chapter. [Amended by 1979 c.88 §42]

725.380 [Repealed by 1975 c.544 §62]

725.385 Duty to give notice of suspected defalcation to law enforcement officer; investigations; costs. (1) A director or officer of a licensee who has reason to believe that a defalcation has occurred at any office of the licensee shall give the information to the appropriate local, state or

federal law enforcement officer having jurisdiction of the violation.

(2) A licensee shall notify the Director of the Department of Consumer and Business Services of any defalcation that occurs at any office of the licensee within five days after the discovery of the defalcation. When directed by the director to do so, the licensee shall cause an audit to be made of the business of the licensed office where the defalcation occurred, in accordance with the director's instructions. [1979 c.88 §38; 1987 c.650 §18]

725.390 [1979 c.88 §39; 1985 c.762 §132; repealed by 1987 c.650 §21]

725.395 Director to give notice of suspected defalcation to law enforcement agency; exceptions. If the director has reason to believe that a defalcation has occurred at an office of a licensee, the director may give the information concerning the violation to the appropriate federal, state or local law enforcement agency having jurisdiction of the violation. This section does not apply, however, if the licensee has reported the information to the appropriate law enforcement officer under ORS 725.385. [1979 c.88 §40; 1985 c.762 §133]

725.400 Cease and desist order. (1) The Director of the Department of Consumer and Business Services may issue and serve upon a licensee or a director, officer, employee or agent of a licensee an order to cease and desist from a violation when the director has reasonable cause to believe that the person to whom the order is directed is violating, has violated or is about to violate any provision of this chapter or a rule or order of the director.

(2) An order under subsection (1) of this section shall include the following:

(a) A statement of the facts constituting the violation.

(b) A provision requiring the person named in the order to cease and desist from the violation. The provision may be mandatory or otherwise.

(c) The effective date of the order.

(d) A notice to the person named in the order of the right to a contested case hearing under ORS 183.310 to 183.550.

(3) An order under this section shall be effective 30 days after the date of the order unless the person named in the order requests a hearing thereon.

(4) An order under this section remains in effect until it is withdrawn by the director or by a court order.

(5) If an individual named in an order under this section fails to comply with the order, the director may issue an order removing or suspending the person from the office or position held by the individual. The removal or suspension is in addition to any penalty provided by ORS 725.910 for failure to comply with an order issued under this section. [1987 c.215 §13]

725.410 Enforcement actions. The director may institute any action or other proceeding that the director considers necessary for enforcing any provision of this chapter or any rule, order or action adopted, issued or taken by the director under this chapter. [1987 c.215 §17]

725.505 Rulemaking authority; notice. (1) In accordance with ORS 183.310 to 183.550, the director may adopt rules for the purpose of carrying out this chapter.

(2) In addition to the notice requirements of ORS 183.310 to 183.550, before the director adopts a rule, the director shall submit a copy of the rule to each licensee. [1985 c.762 §110; 1987 c.650 §19]

725.510 Person not liable for good faith acts or omissions. A person may not be held personally liable for an act done or omitted by the person in good faith and in compliance with a rule or order of the director under this chapter regardless of whether the rule or order is later amended or rescinded or is later determined by judicial or other authority to be invalid. [1987 c.445 §6]

725.910 Civil penalties. (1) The director may assess any person who violates any provision of this chapter or any rule or final order of the director under this chapter, a civil penalty in an amount determined by the director of not more than $2,500. In addition, if a licensee commits such a violation, the director may revoke the license of the licensee.

(2) Civil penalties under this section shall be imposed as provided in ORS 183.090.

(3) All moneys collected under this section shall be paid to the State Treasurer and credited as provided in ORS 705.145. [1975 c.544 §59; 1981 c.412 §17; 1985 c.762 §134; 1987 c.215 §16; 1987 c.373 §70; 1991 c.734 §98]

725.990 [Amended by 1971 c.743 §424; repealed by 1975 c.544 §62]