



SENATE MAJORITY OFFICE

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State Senate Tightens Protections Against Predatory Lenders

House Bill 4116 closes a loophole exploited by lenders charging over 100 percent interest

SALEM, OR – When Oregon families struggle to cover a big expense, Oregon’s licensed lenders are not permitted to charge interest rates above 36 percent on consumer loans. Online lenders based out of state, however, have been using a loophole created in federal law to offer loans with much higher rates, trapping people in cycles of unmanageable debt.

House Bill 4116 closes that gap and ensures that when companies choose to do business with Oregonians, they play by Oregon’s rules. The measure, passed in the Oregon Senate today, clarifies that all lenders are subject to Oregon’s interest rate limits on consumer loans.

“With the rise of online lending and fintech products, we need to crack down on predatory lending practices,” said **Senator Courtney Neron Misslin (D – Wilsonville, Sherwood, King City & Tigard)**. “We cannot allow this loophole to permit digital loan sharks to continue undermining a consumer safeguard that has served this state well for more than two decades.”

Since 2020, over 31,000 of these high-interest loans have been made to Oregon families. Although only a small number of lenders—five of 190—are responsible for them, extremely high interest rates make it harder for people to get back on their feet and much easier for them to fall deeper into debt.

“When people are struggling financially, the responsible policy response is not to permit predatory products that make people feel like they’re drowning,” said **Senator Winsvey Campos (D – Beaverton & Aloha)**. “Credit should help people move forward—not bury them in debt.”

House Bill 4116 was originally introduced by chief sponsor **Representative Nathan Sosa (D – Greater Hillsboro)** in the Oregon House of Representatives, where it passed last month.

“This bill is designed to stop online lenders from ripping people off,” said **Rep. Sosa**. “It will ensure that Oregon consumers, in a moment of financial need, are not being preyed upon by digital, corporate loan sharks.”

In addition to closing the interest-rate loophole, House Bill 4116 also strengthens licensing and oversight requirements for consumer finance lenders. Those provisions improve transparency, accountability, and coordination across states. These provisions help regulators identify bad actors while reducing ambiguity for legitimate lenders who want to operate responsibly in Oregon.

The legislation cleared the Oregon Senate today in a vote of 17 to 12. House Bill 4116 now goes to Governor Tina Kotek for her signature.

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