

Oregon Department of Consumer and Business Services Division of Financial Regulation, Bulletin No. DFR 2025-2

To: Providers of Income Share Agreements and Private Education Loans for Less Than \$50,000

Date: February 19, 2025

RE: Oregon Consumer Finance Licensing Requirements

Purpose:

The purpose of this bulletin is to notify persons making income share agreements and private education loans of \$50,000 or less and any person acting as an agent, broker or facilitator for a person making such loans that an Oregon consumer finance license is required.

Authority:

ORS 725.010; ORS 725.045; ORS 725.355

Background:

Private lenders and persons offering income share agreements have begun making education loans of \$50,000 or less with periodic payments and terms longer than 60 days in Oregon. Oregon Revised Statutes (ORS) 725.010(2) defines a “consumer finance loan” as “a loan or line of credit that is unsecured or secured by personal or real property and that has periodic payments and terms longer than 60 days.”

The consumer finance licensing requirements contained in ORS chapter 725 apply to all consumer finance loans, including but not limited to persons offering income share agreement as an alternative to conventional educational loans to help students pay for postsecondary education expenses. An income share agreement meets the definition of “loan” under Oregon law because it is an “obligation to repay” a debt. The consumer finance licensing requirements also apply to any person acting as a broker, facilitator, or agent of a person making a consumer finance loan for educational purposes.

Under ORS 725.045, consumer finance loans made by private lenders and persons offering income share agreements of \$50,000 or less with periodic payments and terms longer than 60 days are void if, at the time the person made the loan, the person did not

have a license issued under ORS chapter 725. Neither the person making the loan or offering the income share agreement, or the person's successor, assignee or affiliate may collect, receive or retain principal, interest, a fee or a charge related to or in connection with the consumer finance loan.

Licensing Requirements:


ORS chapter 725 requires that a person making a loan of \$50,000 or less with periodic payments and terms longer than 60 days in Oregon to have an Oregon consumer finance license from the division, regardless of whether the periodic payments are based on borrowers agreeing to share a portion of future earnings to repay the loan. The licensing requirements applies to loans for personal, household, or educational use.

The consumer finance licensing requirements extend to agents, brokers, or facilitators, of the company making or purchasing educational loans. The licensing requirements also apply to loans issued irrespective of whether there is a deferred payment agreement based on any condition placed on the borrowers performance and academic performance outcomes.

How to Apply

Oregon requires all new lenders to apply through the Nationwide Mortgage Licensing System (NMLS). NMLS provides instructions for how to do almost anything in the Resource Center under the Resources and Support section. Follow the NMLS instructions to apply for an Oregon license, which includes having certain owners and control persons complete authorization for a criminal background and credit check. Be sure to review the checklist for a new application to ensure your application is complete when submitted.

This bulletin takes effect upon publication.



TK Keen
Administrator
Division of Financial Regulation

2/19/2025

Date