SHORT TITLE: Banking; limiting fee for processing dishonored check; modifying supervised loan finance charge; codification; effective date; emergency.

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

SENATE BILL NO. 673 By: Long (Lewis)

AS INTRODUCED

An Act relating to banking; amending 14A O.S. 1991, Sections 1-106 and 3-508A, which relate to certain dollar amounts and supervised loans; limiting fee for processing dishonored check; clarifying and conforming language; modifying gender reference; modifying supervised loan finance charge; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3-512 of Title 12A, unless there is created a duplication in numbering, reads as follows:

No bank may charge a service, administrative or penalty fee of any kind which exceeds Ten Dollars ($10.00) for processing a check which has been dishonored.

SECTION 2. AMENDATORY 14A O.S. 1991, Section 1-106, is amended to read as follows:

Section 1-106. (1) From time to time the dollar amounts in Sections 2-201(2)(a)~~,~~ and (b) ~~and (c)~~, 2-203(1)(a), 2-407(1), 2-413, 3-203(1)(a), ~~Section 2 of this act~~ 3-203.1, ~~3-508A(2)(a),~~ 3-508B(1), 3-510(1), ~~3-511(1)(a)~~ 3-511(a) and (b), 3-514, and 5-103(2) and (3) of the Uniform Consumer Credit Code, of the Oklahoma Statutes, are hereby designated as subject to change and shall change, as provided

in this section, according to and to the extent of changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers: U.S. City Average, All Items, 1967=100, compiled by the Bureau of Labor Statistics, United States Department of Labor, and hereafter referred to as the Index. The Index for December of the year 1973 shall be deemed the Reference Base Index. The dollar amounts established by rule of the Administrator in Sections 2-104(1)(e), 2-106(1)(b) and 3-104(4) of this title in effect on January 1, 1982, shall remain in full force and effect.

(2) The designated dollar amounts shall change on July 1 of each year if the percentage of change, calculated to the nearest whole percentage point, between the Index at the end of the preceding year and the Reference Base Index is ten percent (10%) or more, but:

(a) the portion of the percentage change in the Index in excess of a multiple of ten percent (10%) shall be disregarded and the dollar amounts shall change only in multiples of ten percent (10%) of the amounts appearing in this Code on the date of enactment; and

(b) the dollar amounts shall not change if the amounts required by this section are those currently in effect pursuant to this Code as a result of earlier application of this section.

(3) If the Index is revised, the percentage of change pursuant to this section shall be calculated on the basis of the revised Index. If a revision of the Index changes the Reference Base Index, a revised Reference Base Index shall be determined by multiplying the Reference Base Index then applicable by the rebasing factor furnished by the United States Bureau of Labor Statistics. If the Index is superseded, the Index referred to in this section shall be the one represented by the United States Bureau of Labor Statistics

as reflecting most accurately changes in the purchasing power of the dollar for consumers.

(4) The Administrator shall adopt a rule announcing:

(a) on or before April 30 of each year in which dollar amounts are to change, the changes in dollar amounts required by subsection (2) of this section; and

(b) promptly after the changes occur, changes in the Index required by subsection (3) of this section including, if applicable, the numerical equivalent of the Reference Base Index under a revised Reference Base Index and the designation or title of any index superseding the Index.

(5) A person does not violate ~~this act~~ Section 1-101 et seq. of this title with respect to a transaction otherwise complying with ~~this act~~ Section 1-101 et seq. of this title if he or she relies on dollar amounts either determined according to subsection (2) of this section or appearing in the last rule of the Administrator announcing the then current dollar amounts.

SECTION 3. AMENDATORY 14A O.S. 1991, Section 3-508A, is amended to read as follows:

Section 3-508A. (1) With respect to a supervised loan, including a loan pursuant to a revolving loan account, a supervised lender may contract for and receive a loan finance charge ~~not exceeding that~~ as permitted by this section.

(2) The loan finance charge, calculated according to the actuarial method, may not exceed ~~the equivalent of the greater of either of the following:~~

~~(a) the total of~~

~~(i) thirty percent (30%) per year on that part of the unpaid balances of the principal which is Three Hundred Dollars ($300.00) or less;~~

~~(ii) twenty-one percent (21%) per year on that part of the unpaid balances of the principal which is more than Three Hundred Dollars ($300.00) but does not exceed One Thousand Dollars ($1,000.00); and~~

~~(iii) fifteen percent (15%) per year on that part of the unpaid balances of the principal which is more than One Thousand Dollars ($1,000.00); or~~

~~(b)~~ ~~twenty-one percent (21%)~~ a rate equal to the Federal Reserve Discount Rate plus five percent (5%) per year, but not to exceed seventeen percent (17%) per year, on the unpaid balances of the principal.

(3) This section does not limit or restrict the manner of contracting for the loan finance charge, whether by way of add-on, discount, or otherwise, so long as the rate of the loan finance charge does not exceed that permitted by this section. If the loan is precomputed:

(a) the loan finance charge may be calculated on the assumption that all scheduled payments will be made when due; and

(b) the effect of prepayment is governed by the provisions on rebate upon prepayment ~~(~~as provided in Section 3-210~~)~~ of this title.

(4) The term of a loan, for the purpose of this section, commences on the date the loan is made. Differences in the lengths of months are disregarded and a day may be counted as one-thirtieth (1/30) of a month. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of fifteen (15) days may be treated as a full month if periods of fifteen (15) days or less are disregarded and if that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.

~~(5) Subject to classifications and differentiations the lender may reasonably establish, he may make the same loan finance charge on all principal amounts within a specified range. A loan finance charge so made does not violate subsection (2) if~~

~~(a) when applied to the median amount within each range, it does not exceed the maximum permitted in subsection (2); and~~

~~(b) when applied to the lowest amount within each range, it does not produce a rate of loan finance charge exceeding the rate calculated according to paragraph (a) by more than eight percent (8%) of the rate calculated according to paragraph (a).~~

SECTION 4. This act shall become effective July 1, 1996.

SECTION 5. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

45-2-1521 JY