

SHORT TITLE: Consumer credit; limiting maximum interest rates on consumer credit sales and supervised loans to 17 percent per year; effective date.

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

SENATE BILL NO. 979

By: Robinson

AS INTRODUCED

An Act relating to consumer credit; amending 14A O.S. 1991, Sections 2-201, 2-207 and 3-508A, which relate to consumer credit sales and supervised loans; modifying maximum amounts of certain charges; and providing an effective date.

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

SECTION 1. AMENDATORY 14A O.S. 1991, Section 2-201, is amended to read as follows:

Section 2-201. (1) With respect to a consumer credit sale, other than a sale pursuant to a revolving charge account, a seller may contract for and receive a credit service charge not exceeding that permitted by this section.

(2) The credit service 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 amount financed 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 amount financed 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 amount financed which  
is more than One Thousand Dollars (\$1,000.00); or~~

~~(b) twenty one percent (21%)~~ seventeen percent (17%) per  
year on the unpaid balances of the amount financed.

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

(a) the credit service 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 (Section 2-210).

(4) For the purposes of this section, the term of a sale agreement commences with the date the credit is granted or, if goods are delivered or services performed ten (10) days or more after that date, with the date of commencement of delivery or performance. 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 seller 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 that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.

(5) Subject to classifications and differentiations the seller may reasonably establish, ~~he~~ the seller may make the same credit service charge on all amounts financed within a specified range. A credit service 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 by subsection (2); and
- (b) when applied to the lowest amount within each range, it does not produce a rate of credit service charge exceeding the rate calculated according to paragraph (a) by more than eight percent (8%) of the rate calculated according to paragraph (a).

(6) Notwithstanding subsection (2), the seller may contract for and receive a minimum credit service charge of not more than Five Dollars (\$5.00) when the amount financed does not exceed Seventy-five Dollars (\$75.00) or not more than Seven Dollars and fifty cents (\$7.50) when the amount financed exceeds Seventy-five Dollars (\$75.00).

SECTION 2. AMENDATORY 14A O.S. 1991, Section 2-207, is amended to read as follows:

Section 2-207. (1) With respect to a consumer credit sale made pursuant to a revolving charge account, the parties to the sale may contract for the payment by the buyer of a credit service charge not exceeding that permitted in this section.

(2) A charge may be made in each billing cycle which is a percentage of an amount no greater than

- (a) the average daily balance of the account;
- (b) the unpaid balance of the account on the same day of the billing cycle; or
- (c) the median amount within a specified range within which the average daily balance of the account or the unpaid balance of the account on the same day of the billing cycle is included. A charge may be made pursuant to this paragraph only if the seller, subject to classifications and differentiations ~~he~~ the seller may reasonably establish, makes the same charge on all

balances within the specified range and if the percentage when applied to the median amount within the range does not produce a charge exceeding the charge resulting from applying that percentage to the lowest amount within the range by more than eight percent (8%) of the charge on the median amount.

(3) If the billing cycle is monthly, the charge may not exceed ~~one and three-fourths percent (1 3/4%)~~ one and forty-two one-hundredths percent (1.42%). If the billing cycle is not monthly, the maximum charge is that percentage which bears the same relation to the applicable monthly percentage as the number of days in the billing cycle bears to thirty (30). For the purposes of this section, a variation of not more than four (4) days from month to month is "the same day of the billing cycle".

(4) Notwithstanding subsection (3), if there is an unpaid balance on the date as of which the credit service charge is applied, the seller may contract for and receive a charge not exceeding fifty cents (\$0.50), if the billing cycle is monthly or longer, or the pro rata part of fifty cents (\$0.50) which bears the same relation to fifty cents (\$0.50) as the number of days in the billing cycle bears to thirty (30), if the billing cycle is shorter than monthly.

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 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%)~~ 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 (Section 3-210).

(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~~ the lender 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 November 1, 1996.

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