

SHORT TITLE: Consumer credit; prohibiting contract for or receipt of certain charges under certain circumstances. Effective date.

STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

SENATE BILL NO. 1091

By: Henry

AS INTRODUCED

An Act relating to consumer credit; amending 14A O.S. 1991, Section 3-202, which relates to maximum loan charges; prohibiting contract for or receipt of certain charges under certain circumstances; and providing an effective date.

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

SECTION 1. AMENDATORY 14A O.S. 1991, Section 3-202, is amended to read as follows:

Section 3-202. (1) In addition to the loan finance charge permitted by this part, a lender may contract for and receive the following additional charges in connection with a consumer loan:

- (a) official fees that are itemized and disclosed in accordance with rules of the Administrator, reasonable closing costs and taxes;
- (b) charges for insurance as described in subsection ~~(2)~~ (3);
- (c) annual charges for the privilege of using a lender credit card or similar arrangement which entitles the user to purchase goods or services from at least one hundred persons not related to the issuer of the lender credit card or similar arrangement, under an

arrangement pursuant to which the debts resulting from the purchases are payable to the issuer;

- (d) charges for other benefits, including insurance, conferred on the debtor, if the benefits are of value to ~~him~~ the debtor and if the charges are reasonable in relation to the benefits, are of a type which is not for credit, and are excluded as permissible additional charges from the loan finance charge by rule adopted by the Administrator; and
- (e) a charge to recover the costs associated with processing applications for credit, including but not limited to costs of services such as credit reports, credit investigations, and appraisals.

(2) With respect to a revolving loan account accessed by a lender or seller credit card or similar arrangement, a lender may not contract for nor receive a penalty, charge, annual fee, or similar fee or charge because of full payment of the account balance within a billing cycle.

(3) An additional charge may be made for insurance written in connection with the loan, other than insurance protecting the lender against the debtor's default or other credit loss:

- (a) with respect to insurance against loss of or damage to property, or against liability, if the lender furnishes a clear and specific statement in writing to the debtor, setting forth the cost of the insurance if obtained from or through the lender, and stating that the debtor may choose the person through whom the insurance is to be obtained; and
- (b) with respect to consumer credit insurance providing life, accident, or health coverage, if the insurance coverage is not a factor in the approval by the lender of the extension of credit, and this fact is clearly

disclosed in writing to the debtor, and if in order to obtain the insurance in connection with the extension of credit, the debtor gives specific affirmative written indication of his or her desire to do so after written disclosure to him or her of the cost thereof.

SECTION 2. This act shall become effective November 1, 1998.

46-2-2500

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