

Committee Substitute for House Bill No. 1356

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1356 -- By THORNBRUGH.

An Act relating to consumer credit; amending 14A O.S. 1991, Section 3-408, which relates to terms of revolving loan accounts; modifying requirements for notice to debtor of changes in terms; allowing certain loan agreements to provide for finance charge rate change within certain limitations; providing for codification; and declaring an emergency .

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

SECTION 1. AMENDATORY 14A O.S. 1991, Section 3-408, is amended to read as follows:

Section 3-408. (1) If a lender makes a change in the terms of a revolving loan account without complying with this section any additional cost or charge to the debtor resulting from the change is an excess charge and subject to the remedies available to debtors (Section 5-202) and to the Administrator (Section 6-113).

(2) A lender may change the terms of a revolving loan account whether or not the change is authorized by prior agreement. Except as provided in subsection (3) of this section, the lender shall give to the debtor written notice of any change at least ~~three times, with the first notice at least four (4) months~~ one billing cycle, but not less than one (1) month, before the effective date of the change.

(3) The notice specified in subsection (2) of this section is not required if:

- (a) the debtor after receiving notice of the change agrees in writing to the change;
- (b) the debtor elects to pay an amount designated on a billing statement (subsection (2) of Section 3-309 of this title) as including a new charge for a benefit offered to the debtor when the benefit and charge constitute the change in terms and when the billing statement also states the amount payable if the new charge is excluded;
- (c) the change involves no significant cost to the debtor;

- (d) the debtor has previously consented in writing to the kind of change made and notice of the change is given to the debtor ~~in two billing cycles~~ at least fifteen (15) days prior to the effective date of the change;
- (e) the change applies only to debts incurred after a date specified in a notice of the change given ~~in two billing cycles~~ at least fifteen (15) days prior to the effective date of the change;
- (f) the kind or type of change is of a class defined by the Administrator by rule, as not requiring the advance notice set forth in this section for the protection of the consumer; or
- (g) the change involves late payment charges or over-the-limit charges.

(4) The notice provided for in this section is given to the debtor when mailed to ~~him~~ the debtor at the address used by the lender for sending periodic billing statements.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3-410 of Title 14A, unless there is created a duplication in numbering, reads as follows:

With respect to a consumer loan, including a supervised loan, accessed by a credit card, the agreement may provide for an increase or other change in the rate of finance charge which may be imposed on the debtor after default, but in no event may the increased rate exceed the maximum permissible rates under Section 3-508A of Title 14A of the Oklahoma Statutes.

SECTION 3. 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.

COMMITTEE REPORT BY: COMMITTEE ON BANKING AND FINANCE, dated 2-17-99 -- DO PASS.