

STATE OF OKLAHOMA

1st Session of the 49th Legislature (2003)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1503

By: Maddux

COMMITTEE SUBSTITUTE

An Act relating to consumer credit; defining term; limiting distribution of live checks unless proper disclosures are made; limiting negotiability of live checks; providing for mailing requirements of live checks; requiring honoring of live checks; providing for codification; and providing an effective date.

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 3-610 of Title 14A, unless there is created a duplication in numbering, reads as follows:

(1) As used in this section, "live check" means any loan or extension of credit that is made available in the form of a check, draft, or any other negotiable instrument that can be deposited in a bank or used for third-party payments. "Live check" does not include a check, draft, or any other negotiable instrument provided in response to an application for credit or as a means of access to an existing loan or extension of credit, including a home equity or personal line of credit.

(2) No person shall produce, advertise, offer, sell, distribute, or otherwise transfer for use in this state any live check unless the document bears the following phrase printed in 12-point type on the front of the document: "THIS IS A LOAN OR AN EXTENSION OF CREDIT. YOU WILL PAY CHARGES."

(3) Live checks shall only be negotiable for a period of forty-five (45) days after the date printed on the live check. Printed

material accompanying the live check shall advise the consumer to void and destroy the live check if it is not going to be negotiated.

(4) Loan solicitations shall be mailed in envelopes with no indication that a negotiable instrument is contained in the mailing. Envelopes shall be marked with "do not forward" instructions to the postal service in the event that the intended addressee is no longer at the location.

(5) Any loan solicitation made through a live check shall be honored in the full amount by the issuer unless the account on which the solicitation is made is closed by the consumer prior to the date the check is cashed.

SECTION 2. This act shall become effective November 1, 2003.

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