STATE OF OKLAHOMA

1st Session of the 54th Legislature (2013)

SENATE BILL 817 By: Newberry

AS INTRODUCED

An Act relating to Consumer Credit Code; amending 14A O.S. 2011, Section 1-106, which relates to changes in certain dollar amounts from Reference Base Index; deleting reference; making gender neutral; modifying reference; amending 14A O.S. 2011, Section 3-508B, which relates to loan finance charges on certain loan amounts; modifying certain loan amounts and handling charges; providing for certain consumer price index adjustments to certain loan amounts and charges; modifying references; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 14A O.S. 2011, Section 1-106, is amended to read as follows:

Section 1-106. Change in dollar amount used in certain sections.

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

in this section and the rules of the Administrator, 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) 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; 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 rules of the Administrator shall:

(a) include the method for calculating the changes in dollar amounts required by subsection (2) of this section;

(b) be amended in accordance with the Administrative Procedures Act to include 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; and

(c) provide for appropriate notice to licensees and other interested persons of any changes in the dollar amounts which result from changes required by

subsection (2) of this section no later than April 30 of each year. Each dollar amount subject to change as provided in this section shall be listed in an appendix to the rules of the Administrator and shall be published in the Oklahoma Administrative Code. Changes to the appendix shall be submitted to the Secretary of State prior to the annual deadline for submitting material for publication in the Code. Changes in the appendix shall not be construed as rulemaking.

(5) A person does not violate ~~this act~~ the Consumer Credit Code with respect to a transaction otherwise complying with ~~this act~~ the Code if ~~he~~ the person 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 2. AMENDATORY 14A O.S. 2011, Section 3-508B, is amended to read as follows:

Section 3-508B. ~~(1)~~ A. 1. On loans having a principal of ~~Three Hundred Dollars ($300.00)~~ One Thousand Five Hundred Dollars ($1,500.00) or less, a supervised lender may charge in lieu of the loan finance charges specified in Section 3-508A, the following amounts:

~~(a)~~

a. on any amount up to and including ~~Twenty-nine Dollars and ninety-nine cents ($29.99)~~ One Hundred Forty-three Dollars and ninety-five cents ($143.95), a charge may be added at the ratio of One Dollar ($1.00) for each Five Dollars ($5.00) of principal;

~~(b)~~

b. on any loan in an amount in excess of ~~Twenty-nine Dollars and ninety-nine cents ($29.99)~~ One Hundred Forty-three Dollars and ninety-five cents ($143.95) up to and including the amount of ~~Thirty-five Dollars ($35.00)~~ One Hundred Sixty-seven Dollars and fifty cents ($167.50), there shall be allowed an acquisition charge for making the loan not in excess of one-tenth (1/10) of the amount of the principal. In addition thereto, an installment account handling charge shall be allowed not to exceed ~~Three Dollars ($3.00)~~ Fourteen Dollars and forty cents ($14.40) per month;

~~(c)~~

c. on any loan of an amount in excess of ~~Thirty-five Dollars ($35.00)~~ One Hundred Sixty-seven Dollars and Fifty cents ($167.50) but not more than ~~Seventy Dollars ($70.00)~~ Three Hundred Thirty-six Dollars ($336.00), there shall be allowed an acquisition charge for making the loan not in excess of one-tenth

(1/10) of the amount of the principal. In addition thereto, an installment account handling charge shall be allowed not to exceed ~~Three Dollars and fifty cents ($3.50)~~ Sixteen Dollars and eighty cents ($16.80) per month;

~~(d)~~

d. on any loan of an amount in excess of ~~Seventy Dollars ($70.00)~~ Three Hundred Thirty-six Dollars ($336.00) but not in excess of ~~One Hundred Dollars ($100.00)~~ Four Hundred Eighty Dollars ($480.00), there shall be allowed an acquisition charge for making the loan, not in excess of one-tenth (1/10) of the amount of the principal. In addition thereto, an installment account handling charge shall be allowed not to exceed ~~Four Dollars ($4.00)~~ Nineteen Dollars and twenty cents ($19.20) per month.

~~(e)~~

e. on any loan in an amount in excess of ~~One Hundred Dollars ($100.00)~~ Four Hundred Eighty Dollars ($480.00) up to and including the amount of ~~One Hundred Fifty Dollars ($150.00)~~ Seven Hundred Twenty Dollars ($720.00), there shall be allowed an acquisition charge for making the loan not in excess of one-tenth (1/10) of the amount of the principal.

In addition thereto, an installment account handling charge shall be allowed not to exceed ~~Four Dollars and fifty cents ($4.50)~~ Twenty-one Dollars and sixty cents ($21.60) per month;

~~(f)~~

f. on any loan of an amount in excess of ~~One Hundred Fifty Dollars ($150.00)~~ Seven Hundred Twenty Dollars ($720.00) but not more than ~~Three Hundred Dollars ($300.00)~~ Nine Hundred Eighty Dollars ($980.00), there shall be allowed an acquisition charge for making the loan not in excess of one-tenth (1/10) of the amount of the principal. In addition thereto, an installment account handling charge shall be allowed not to exceed ~~Five Dollars ($5.00)~~ Twenty-four Dollars ($24.00) per month;

g. on any loan of an amount in excess of Nine Hundred Eighty Dollars ($980.00) but not more than One Thousand Two Hundred Forty Dollars ($1,240.00), there shall be allowed an acquisition charge for making the loan not in excess of one-tenth (1/10) of the amount of the principal. In addition thereto, an installment account handling charge shall be allowed not to exceed Twenty-six Dollars and forty cents ($26.40) per month;

h. on any loan of an amount in excess of One Thousand Two Hundred Forty Dollars ($1,240.00) but not more than One Thousand Five Hundred Dollars ($1,500.00), there shall be allowed an acquisition charge for making the loan not in excess of one-tenth (1/10) of the amount of the principal. In addition thereto, an installment account handling charge shall be allowed not to exceed Twenty-eight Dollars and eighty cents ($28.80) per month;

~~(2)~~ 2. The maximum term of any loan made under the terms of this section shall be one (1) month for each Ten Dollars ($10.00) of principal up to a maximum term of eighteen (18) months. Provided, however, that under subsections ~~(e) and (f)~~ e through h the maximum terms shall be one (1) month for each Twenty Dollars ($20.00) of principal up to a maximum term of eighteen (18) months.

~~(3)~~ 3. The minimum term of any loan made under the terms of ~~subsections (b)~~ subparagraphs b through ~~(f)~~ h of paragraph 1 of this section shall be no less than sixty (60) days. Any loan made under the terms of this section shall be scheduled to be payable in substantially equal installments at not less than thirty-day intervals, with the first installment to be scheduled to be due not less than one (1) calendar month after the date such loan is made.

~~(4)~~ 4. Loans made under this section may be refinanced or consolidated according to the provisions of this section,

notwithstanding anything in ~~this act~~ Section 2-101 et seq. of this title to the contrary. When a loan made under this section is refinanced or consolidated, installment account handling charges on the loans being refinanced or consolidated must be rebated pursuant to the provisions regarding rebate on prepayment (Section 3-210 of this title) as of the date of refinancing or consolidation. For the purpose of determining the amount of acquisition and installment account handling charges permitted in relation to the refinancing or the consolidation of loans made under this section, the principal resulting from the refinancing or consolidation is the total of the unpaid balances of the principal of the loans being refinanced or consolidated, plus any new money advanced, and any delinquency or deferral charges if due and unpaid, less any unearned acquisition and installment account handling charges imposed in connection with loans being refinanced or consolidated.

~~(5)~~ 5. On such loans under this section, no insurance charges or any other charges of any nature whatsoever shall be permitted.

~~(6)~~ 6. Except as otherwise provided, the acquisition charge authorized herein shall be deemed to be earned at the time a loan is made and shall not be subject to refund. Provided, however, in a loan made under this section which is prepaid in full, refinanced or consolidated within the first sixty (60) days, the acquisition charge under this section will not be fully earned at the time the loan is made, but must be refunded pro rata at the rate of one-

sixtieth (1/60) of the acquisition charge for each day from the date of the prepayment, refinancing or consolidation to the sixtieth day of the loan. On the prepayment of any loan under this section, the installment account handling charge shall be subject to the provisions of Section 3-210 of this title as it relates to refunds. Provisions of Section 3-203 of this title as it relates to delinquency charges and Section 3-204 of this title as it relates to deferral charges shall apply to loans made under the section.

B. 1. From time to time the dollar amounts in subparagraphs a through h of paragraph 1 of subsection A of this section are hereby designated as subject to change and shall change, as provided in this subsection and the rules of the Administrator of the Commission on Consumer Credit, according to and to the extent of changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W): U.S. City Average, All Items, 1982-84=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 2013 shall be deemed the Reference Base Index.

2. Beginning July 1, 2014, the designated dollar amounts in subparagraphs a through h of paragraph 1 of subsection A of this section 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 subparagraphs a through h of paragraph 1 of subsection A of this section; and

b. the dollar amounts shall not change if the amounts required by this subsection 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 subsection 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 subsection 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 rules of the Administrator shall:

a. include the method for calculating the changes in dollar amounts required by paragraph 2 of this subsection;

b. be amended in accordance with the Administrative Procedures Act to include changes in the Index required by paragraph 3 of this subsection 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; and

c. provide for appropriate notice to licensees and other interested persons of any changes in the dollar amounts which result from changes required by paragraph 2 of this subsection no later than April 30 of each year. Each dollar amount subject to change as provided in this subsection shall be listed in an appendix to the rules of the Administrator and shall be published in the Oklahoma Administrative Code. Changes to the appendix shall be submitted to the Secretary of State prior to the annual deadline for submitting material for publication in the Code. Changes in the appendix shall not be construed as rulemaking.

5. A person does not violate the Consumer Credit Code with respect to a transaction otherwise complying with the Code if the person relies on dollar amounts either determined according to

paragraph 2 of this subsection or appearing in the last rule of the Administrator announcing the then current dollar amounts.

SECTION 3. This act shall become effective July 1, 2013.

SECTION 4. 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.

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