

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

SENATE BILL 1695

By: Leewright

AS INTRODUCED

An Act relating to Uniform Consumer Credit Code; amending 14A O.S. 2011, Sections 1-106, as last amended by Section 1, Chapter 178, O.S.L. 2019 and 3-109 (14A O.S. Supp. 2019, Section 1-106), which relate to change in dollar amounts and definitions; adding references; amending 14A O.S. 2011, Section 3-508A, as last amended by Section 1, Chapter 89, O.S.L. 2015 (14A O.S. Supp. 2019, Section 3-508A), which relates to finance rate for supervised loans; changing loan principal amounts; permitting a loan closing fee; setting closing fee amount; and providing an effective date.

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

SECTION 1. AMENDATORY 14A O.S. 2011, Section 1-106, as last amended by Section 1, Chapter 178, O.S.L. 2019 (14A O.S. Supp. 2019, Section 1-106), is amended to read as follows:

Section 1-106. (1) From time to time the dollar amounts in paragraphs (a), (b) and (c) of subsection (2) of Section 2-201, paragraph (a) of subsection (1) of Section 2-203, subsection (1) of Section 2-407, Section 2-413, paragraph (b) of subsection (1) of Section 3-203, Section 3-203.1, subsection (4) of Section 3-508A, subsection (1) of Section 3-508B, subsection (1) of Section 3-510,

1 paragraphs (a) and (b) of Section 3-511, Section 3-514, and
2 subsections (2) and (3) of Section 5-103 of the Uniform Consumer
3 Credit Code, are hereby designated as subject to change and shall
4 change, as provided in this section and the rules of the
5 Administrator, according to and to the extent of changes in the
6 Consumer Price Index for Urban Wage Earners and Clerical Workers:
7 U.S. City Average, All Items, 1967=100, compiled by the Bureau of
8 Labor Statistics, United States Department of Labor, and hereafter
9 referred to as the Index. The Index for December of the year 1973
10 shall be deemed the Reference Base Index. The dollar amounts
11 established by rule of the Administrator in paragraph (e) of
12 subsection (1) of Section 2-104, paragraph (b) of subsection (1) of
13 Section 2-106 and paragraph (d) of Section 3-104 of the Uniform
14 Consumer Credit Code in effect on January 1, 1982, shall remain in
15 full force and effect.

16 (2) The designated dollar amounts shall change on July 1 of
17 each year if the percentage of change, calculated to the nearest
18 whole percentage point, between the Index at the end of the
19 preceding year and the Reference Base Index is ten percent (10%) or
20 more, but:

- 21 (a) the portion of the percentage change in the Index in
22 excess of a multiple of ten percent (10%) shall be
23 disregarded and the dollar amounts shall change only
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1 in multiples of ten percent (10%) of the amounts
2 appearing in the Uniform Consumer Credit Code; and

3 (b) the dollar amounts shall not change if the amounts
4 required by this section are those currently in effect
5 pursuant to the Uniform Consumer Credit Code as a
6 result of earlier application of this section.

7 (3) If the Index is revised, the percentage of change pursuant
8 to this section shall be calculated on the basis of the revised
9 Index. If a revision of the Index changes the Reference Base Index,
10 a revised Reference Base Index shall be determined by multiplying
11 the Reference Base Index then applicable by the rebasing factor
12 furnished by the United States Bureau of Labor Statistics. If the
13 Index is superseded, the Index referred to in this section shall be
14 the one represented by the United States Bureau of Labor Statistics
15 as reflecting most accurately changes in the purchasing power of the
16 dollar for consumers.

17 (4) The rules of the Administrator shall:

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

21 (b) be amended in accordance with the Administrative
22 Procedures Act to include changes in the Index
23 required by subsection (3) of this section including,
24 if applicable, the numerical equivalent of the

1 Reference Base Index under a revised Reference Base
2 Index and the designation or title of any index
3 superseding the Index; and

4 (c) provide for appropriate notice to licensees and other
5 interested persons of any changes in the dollar
6 amounts which result from changes required by
7 subsection (2) of this section no later than April 30
8 of each year. Each dollar amount subject to change as
9 provided in this section shall be listed in an
10 appendix to the rules of the Administrator and shall
11 be published in the Oklahoma Administrative Code.
12 Changes to the appendix shall be submitted to the
13 Secretary of State prior to the annual deadline for
14 submitting material for publication in the Code.
15 Changes in the appendix shall not be construed as
16 rulemaking.

17 (5) A person does not violate the Uniform Consumer Credit Code
18 with respect to a transaction otherwise complying with the Uniform
19 Consumer Credit Code if he or she relies on dollar amounts either
20 determined according to subsection (2) of this section or appearing
21 in the last rule of the Administrator announcing the then current
22 dollar amounts.

23 SECTION 2. AMENDATORY 14A O.S. 2011, Section 3-109, is
24 amended to read as follows:
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1 Section 3-109.

2 (1) (a) "Loan finance charge" means a finance charge composed
3 of the sum of:

4 (i) all charges payable directly or indirectly by the
5 debtor and imposed directly or indirectly by the
6 lender as an incident to the extension of credit,
7 including any of the following types of charges,
8 which are applicable: interest or any amount
9 payable under a point, discount, or other system
10 of charges, however denominated, premium or other
11 charge for any guarantee or insurance protecting
12 the lender against the debtor's default or other
13 credit loss; and

14 (ii) charges incurred for investigating the collateral
15 or credit worthiness of the debtor or for
16 commissions or brokerage for obtaining the
17 credit, irrespective of the person to whom the
18 charges are paid or payable unless the lender had
19 no notice of the charges when the loan was made.

20 (b) The term does not include charges as a result of
21 default, additional charges under ~~Section~~ Sections 3-
22 202 and subsection (4) of 3-508A of this title,
23 delinquency charges under Section 3-203 of this title,
24 deferral charges under Section 3-204 of this title,

1 charges of a type payable in a comparable cash
2 transaction, or sellers points. The finance charge
3 shall not include fees and amounts imposed by third-
4 party closing agents, including settlement agents,
5 attorneys, and escrow and title companies, if the
6 creditor does not require the imposition of the
7 charges or the services provided and does not retain
8 the charges. Examples of charges which are included
9 in the finance charge include any of the following
10 types of charges which are applicable:

- 11 (i) Interest, time price differential, and any amount
12 payable under a point, discount, or other system
13 of additional charges;
- 14 (ii) Service or carrying charge;
- 15 (iii) Loan fee, finder's fee, or similar charge;
- 16 (iv) Fee for an investigation or credit report;
- 17 (v) Premium or other charge for any guarantee or
18 insurance protecting the creditor against the
19 obligor's default or other credit loss; and
- 20 (vi) Borrower-paid mortgage broker fees, including
21 fees paid directly to the broker or the lender,
22 for delivery to the broker, whether such fees are
23 paid in cash or financed.

1 (2) If a lender makes a loan to a debtor by purchasing or
2 satisfying obligations of the debtor pursuant to a lender credit
3 card or similar arrangement, and the purchase or satisfaction is
4 made at less than the face amount of the obligation, the discount is
5 not part of the loan finance charge.

6 SECTION 3. AMENDATORY 14A O.S. 2011, Section 3-508A, as
7 last amended by Section 1, Chapter 89, O.S.L. 2015 (14A O.S. Supp.
8 2019, Section 3-508A), is amended to read as follows:

9 Section 3-508A. (1) With respect to a supervised loan,
10 including a loan pursuant to a revolving loan account, a supervised
11 lender may contract for and receive a loan finance charge not
12 exceeding that permitted by this section.

13 (2) The loan finance charge, calculated according to the
14 actuarial method, may not exceed the equivalent of the greater of
15 either of the following:

16 (a) the total of:

17 (i) ~~twenty-seven percent (27%)~~ thirty-two percent

18 (32%) per year on that part of the unpaid

19 balances of the principal which is ~~Two Thousand~~

20 ~~Nine Hundred Ten Dollars (\$2,910.00)~~ Seven

21 Thousand Dollars (\$7,000.00) or less;

22 (ii) twenty-three percent (23%) per year on that part

23 of the unpaid balances of the principal which is

24 more than ~~Two Thousand Nine Hundred Ten Dollars~~

1 ~~(\$2,910.00)~~ Seven Thousand Dollars (\$7,000.00)

2 but does not exceed ~~Six Thousand Two Hundred~~
3 ~~Dollars (\$6,200.00)~~ Eleven Thousand Dollars
4 (\$11,000.00); and

5 (iii) twenty percent (20%) per year on that part of
6 the unpaid balances of the principal which is
7 more than ~~Six Thousand Two Hundred Dollars~~
8 ~~(\$6,200.00)~~ Eleven Thousand Dollars (\$11,000.00);

9 or

10 (b) twenty-five percent (25%) per year on the unpaid
11 balances of the principal.

12 (3) This section does not limit or restrict the manner of
13 contracting for the loan finance charge, whether by way of add-on,
14 discount, or otherwise, so long as the rate of the loan finance
15 charge does not exceed that permitted by this section. If the loan
16 is precomputed:

17 (a) the loan finance charge may be calculated on the
18 assumption that all scheduled payments will be made
19 when due; and

20 (b) the effect of prepayment is governed by the provisions
21 on rebate upon prepayment (Section 3-210).

22 (4) In addition to the loan finance charge permitted in this
23 section and other charges permitted in this act, a supervised lender

1 may assess a lender closing fee not to exceed Twenty-eight Dollars
2 and eighty-five cents (\$28.85) upon consummation of the loan.

3 (5) The term of a loan, for the purpose of this section,
4 commences on the date the loan is made. Differences in the lengths
5 of months are disregarded and a day may be counted as one-thirtieth
6 (1/30) of a month. Subject to classifications and differentiations
7 the lender may reasonably establish, a part of a month in excess of
8 fifteen (15) days may be treated as a full month if periods of
9 fifteen (15) days or less are disregarded and if that procedure is
10 not consistently used to obtain a greater yield than would otherwise
11 be permitted.

12 ~~+(5)~~ (6) Subject to classifications and differentiations the
13 lender may reasonably establish, he may make the same loan finance
14 charge on all principal amounts within a specified range. A loan
15 finance charge so made does not violate subsection (2) of this
16 section if:

- 17 (a) when applied to the median amount within each range,
18 it does not exceed the maximum permitted in subsection
19 (2) of this section; and
20 (b) when applied to the lowest amount within each range,
21 it does not produce a rate of loan finance charge
22 exceeding the rate calculated according to paragraph
23 (a) of this subsection by more than eight percent (8%)

1 of the rate calculated according to paragraph (a) of
2 this subsection.

3 SECTION 4. This act shall become effective November 1, 2020.
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