

**Bill Summary**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB 720</b>
<b>Version:</b>	<b>CS1</b>
<b>Request No.:</b>	<b>1807</b>
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**Committee Substitute (CS)**

The CS for SB 720 creates a regulatory and licensing structure for small lenders and shall be known as the Oklahoma Small Lenders Act. Beginning January 1, 2020, any person licensed under the Deferred Deposit Lending Act may make application for licensure under the Oklahoma Small Lenders Act once the lender collects all outstanding, transacted loans. The CS defines various terms associated with implementing the Act.

After August 1, 2020, no person shall engage in the business of issuing small loans without a license issued by the Department of Commerce. Any person advertising services associated with small loans shall be deemed to be engaged in the business of small loans. No person engaged in a bank, savings institution, trust company, building and loan association, industrial loan association, or credit union may obtain a license under this Act.

A person applying for a license must show that he or she possess a net worth of \$50,000.00 for each location and submit to a review by the Department of Consumer Credit. The review shall examine records relating to his or her business experience, competence, and criminal history. The Administrator of the Department of Consumer Credit must promulgate rules prescribing the form of the application for licensure. Applicants must pay a filing fee of \$700.00, a license fee of \$500.00, and a supervision fee of \$700.00. The fees are refundable if the license is denied. Applicants are also required to provide financial statements, auditing records, and a surety bond worth \$25,000.00 per location. Denials and delays of a license allow the applicant to request a hearing. Licenses must be renewed on an annual basis. The Administrator must appoint an independent hearing examiner to conduct all administrative hearings involving alleged violations.

Interest rates are capped at 17% per month for those licensed under the provisions of this Act. The aggregate amount of outstanding loans made to any single person is capped at \$1,500.00. Additionally, the lender is prohibited from making a small loan if the total scheduled payments coming due in a month exceeds 20% of the borrower's monthly income. Lenders are obligated to provide clear information to the borrower related to the fees and charges associated with a small loan. Borrowers who default may undergo consumer credit counseling from a list of organizations approved by the Department of Consumer Credit.

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