

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 58th Legislature (2021)

4 ENGROSSED SENATE

5 BILL NO. 796

By: Leewright of the Senate

and

McEntire of the House

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10 An Act relating to Uniform Consumer Credit Code;
11 amending 14A O.S. 2011, Sections 1-106, as last
12 amended by Section 1, Chapter 178, O.S.L. 2019 and 3-
13 109 (14A O.S. Supp. 2020, Section 1-106), which
14 relate to change in dollar amounts and definitions;
15 adding references; amending 14A O.S. 2011, Section 3-
16 508A, as last amended by Section 1, Chapter 89,
17 O.S.L. 2015 (14A O.S. Supp. 2020, Section 3-508A),
18 which relates to finance rate for supervised loans;
19 changing loan principal amounts; permitting a loan
20 closing fee; setting closing fee amount; and
21 providing an effective date.

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

23 SECTION 1. AMENDATORY 14A O.S. 2011, Section 1-106, as
24 last amended by Section 1, Chapter 178, O.S.L. 2019 (14A O.S. Supp.
2020, 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

1 Section 2-407, Section 2-413, paragraph (b) of subsection (1) of
2 Section 3-203, Section 3-203.1, subsection (4) of Section 3-508A,
3 subsection (1) of Section 3-508B, subsection (1) of Section 3-510,
4 paragraphs (a) and (b) of Section 3-511, Section 3-514, and
5 subsections (2) and (3) of Section 5-103 of the Uniform Consumer
6 Credit Code, are hereby designated as subject to change and shall
7 change, as provided in this section and the rules of the
8 Administrator, according to and to the extent of changes in the
9 Consumer Price Index for Urban Wage Earners and Clerical Workers:
10 U.S. City Average, All Items, 1967=100, compiled by the Bureau of
11 Labor Statistics, United States Department of Labor, and hereafter
12 referred to as the Index. The Index for December of the year 1973
13 shall be deemed the Reference Base Index. The dollar amounts
14 established by rule of the Administrator in paragraph (e) of
15 subsection (1) of Section 2-104, paragraph (b) of subsection (1) of
16 Section 2-106 and paragraph (d) of Section 3-104 of the Uniform
17 Consumer Credit Code in effect on January 1, 1982, shall remain in
18 full force and effect.

19 (2) The designated dollar amounts shall change on July 1 of
20 each year if the percentage of change, calculated to the nearest
21 whole percentage point, between the Index at the end of the
22 preceding year and the Reference Base Index is ten percent (10%) or
23 more, but:
24

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

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

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

20 (4) The rules of the Administrator shall:

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

1 (b) be amended in accordance with the Administrative
2 Procedures Act to include changes in the Index
3 required by subsection (3) of this section including,
4 if applicable, the numerical equivalent of the
5 Reference Base Index under a revised Reference Base
6 Index and the designation or title of any index
7 superseding the Index; and

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

21 (5) A person does not violate the Uniform Consumer Credit Code
22 with respect to a transaction otherwise complying with the Uniform
23 Consumer Credit Code if he or she relies on dollar amounts either
24 determined according to subsection (2) of this section or appearing

1 in the last rule of the Administrator announcing the then current
2 dollar amounts.

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

5 Section 3-109.

6 (1) (a) "Loan finance charge" means a finance charge composed
7 of the sum of:

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

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

24

1 (b) The term does not include charges as a result of
2 default, additional charges under ~~Section~~ Sections 3-
3 202 and subsection (4) of 3-508A of this title,
4 delinquency charges under Section 3-203 of this title,
5 deferral charges under Section 3-204 of this title,
6 charges of a type payable in a comparable cash
7 transaction, or sellers points. The finance charge
8 shall not include fees and amounts imposed by third-
9 party closing agents, including settlement agents,
10 attorneys, and escrow and title companies, if the
11 creditor does not require the imposition of the
12 charges or the services provided and does not retain
13 the charges. Examples of charges which are included
14 in the finance charge include any of the following
15 types of charges which are applicable:

- 16 (i) Interest, time price differential, and any amount
17 payable under a point, discount, or other system
18 of additional charges;
- 19 (ii) Service or carrying charge;
- 20 (iii) Loan fee, finder's fee, or similar charge;
- 21 (iv) Fee for an investigation or credit report;
- 22 (v) Premium or other charge for any guarantee or
23 insurance protecting the creditor against the
24 obligor's default or other credit loss; and

1 (vi) Borrower-paid mortgage broker fees, including
2 fees paid directly to the broker or the lender,
3 for delivery to the broker, whether such fees are
4 paid in cash or financed.

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

10 SECTION 3. AMENDATORY 14A O.S. 2011, Section 3-508A, as
11 last amended by Section 1, Chapter 89, O.S.L. 2015 (14A O.S. Supp.
12 2020, Section 3-508A), is amended to read as follows:

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

17 (2) The loan finance charge, calculated according to the
18 actuarial method, may not exceed the equivalent of the greater of
19 either of the following:

20 (a) the total of:

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

22 (32%) per year on that part of the unpaid

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

24

1 ~~Nine Hundred Ten Dollars (\$2,910.00)~~ Seven
2 Thousand Dollars (\$7,000.00) or less;

3 (ii) twenty-three percent (23%) per year on that part
4 of the unpaid balances of the principal which is
5 more than ~~Two Thousand Nine Hundred Ten Dollars~~
6 ~~(\$2,910.00)~~ Seven Thousand Dollars (\$7,000.00)
7 but does not exceed ~~Six Thousand Two Hundred~~
8 ~~Dollars (\$6,200.00)~~ Eleven Thousand Dollars
9 (\$11,000.00); and

10 (iii) twenty percent (20%) per year on that part of
11 the unpaid balances of the principal which is
12 more than ~~Six Thousand Two Hundred Dollars~~
13 ~~(\$6,200.00)~~ Eleven Thousand Dollars (\$11,000.00);
14 or

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

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

22 (a) the loan finance charge may be calculated on the
23 assumption that all scheduled payments will be made
24 when due; and

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

3 (4) In addition to the loan finance charge permitted in this
4 section and other charges permitted in this act, a supervised lender
5 may assess a lender closing fee not to exceed Twenty-eight Dollars
6 and eighty-five cents (\$28.85) upon consummation of the loan.

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

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

21 (a) when applied to the median amount within each range,
22 it does not exceed the maximum permitted in subsection
23 (2) of this section; and
24

1 (b) when applied to the lowest amount within each range,
2 it does not produce a rate of loan finance charge
3 exceeding the rate calculated according to paragraph
4 (a) of this subsection by more than eight percent (8%)
5 of the rate calculated according to paragraph (a) of
6 this subsection.

7 SECTION 4. This act shall become effective November 1, 2021.

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9 COMMITTEE REPORT BY: COMMITTEE ON BANKING, FINANCIAL SERVICES AND
10 PENSIONS, dated 03/29/2021 - DO PASS.
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