An Act

ENROLLED SENATE
BILL NO. 1941

By: Brinkley of the Senate

and

Derby of the House

An Act relating to loans; amending 59 O.S. 2011, Section 3109; which relates to deferred deposit loan transaction; clarifying when loan transaction is complete; and providing an effective date.

SUBJECT: Deferred deposit loan transaction

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

SECTION 1. AMENDATORY 59 O.S. 2011, Section 3109, is amended to read as follows:

Section 3109. A. A lender may not enter into a renewal of a deferred deposit loan transaction.

B. Upon any application being made for a deferred deposit loan, the lender shall determine if the applicant has any outstanding deferred deposit loans as follows:

1. The applicant shall be required to sign an affidavit stating whether the applicant has any deferred deposit loans outstanding with the lender or any other deferred deposit lender and if so, the status of each such loan; and

2. The lender shall be required to verify the accuracy of the affidavit through commercially reasonable means. A lender's method of so verifying shall be considered in compliance with the provisions of this section if the verification method includes a manual investigation or an electronic query of:

a. the lender's own records, including both records maintained at the location where the loan is being applied for and records maintained at other locations that are owned and operated by the lender or the lender's affiliates, and

b. any private database approved by the Administrator of Consumer Credit, if the lender subscribes to such a database; provided, all lenders shall be required to subscribe to such a database or otherwise obtain the required information in a manner approved by the Administrator not later than July 1, 2004. The lender may charge the applicant a fee for database verification not to exceed the actual fee charged to the lender by the database provider.

If the lender determines that the applicant has more than one outstanding deferred deposit loan, the loan applied for shall not be made.

C. A deferred deposit loan transaction is completed when the deferred deposit loan transaction is paid in full after the lender presents the instrument for payment or initiates an ACH debit to the debtor's bank account to collect on the instrument, or the debtor redeems the instrument by paying the full amount of the instrument to the lender. Once the debtor has completed the deferred deposit loan transaction, the lender may enter into a new deferred deposit loan agreement with the debtor, and the new deferred deposit loan transaction shall not be deemed to be a renewal of the previous deferred deposit loan; provided, a new deferred deposit loan made within thirteen (13) calendar days after a previous deferred deposit loan has been entered into between the lender and the debtor shall be considered a renewal and shall not be made.

D. If a debtor enters into a third consecutive loan, the lender shall provide the consumer an option to repay such loan and each consecutive loan pursuant to a written repayment plan subject to the following terms:

1. The debtor shall request the repayment plan, either orally or in writing, prior to the due date of the loan;

2. The debtor shall repay the loan in four equal installments with one installment due on each of the next four dates on which the customer receives regular wages or compensation from an employer, pursuant to a written repayment plan agreement;

3. The consumer shall pay a processing fee of ten percent (10%) of the principal amount of the loan per loan not to exceed Fifteen Dollars ($15.00) for administration of the payment plan;

4. The consumer shall agree not to enter into any additional deferred presentment loans during the repayment plan term and for a period of fifteen (15) days after termination of the repayment plan term; and

5. Upon positive completion of the repayment plan, the lender shall report the debtor's positive payment history to at least one national consumer credit reporting agency.

E. A lender shall negotiate or present an instrument for payment only if the instrument is endorsed with the actual business name of the lender.

F. Prior to the lender negotiating or presenting the instrument, the debtor shall have the right to redeem any instrument held by a lender as a result of a deferred deposit loan if the debtor pays to the lender the unpaid balance of the principal and all accrued fees and charges.

SECTION 2. This act shall become effective November 1, 2014.

Passed the Senate the 26th day of February, 2014.

Presiding Officer of the Senate

Passed the House of Representatives the 8th day of April, 2014.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 9th
day of April, 20 14, at 2:46 o'clock P M.
By: Audrey Rockwell

Approved by the Governor of the State of Oklahoma this 15th
day of April, 20 14, at 3:10 o'clock P M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 15th
day of April, 20 14, at 3:41 o'clock P. M.
By: Chris Benge