

## DEFERRED DEPOSIT LENDING IN THE STATE OF OKLAHOMA

### **I. In General:**

Please review the information contained in this pamphlet. This pamphlet describes the debtor's rights and responsibilities in deferred deposit lending transactions, the debtor's right to an installment payment plan and the availability of debt management and credit counseling services.

### **II. Debtor's Rights and Responsibilities:**

1. **Notice from lender and right to rescind.** A lender shall provide the following notices in a prominent place on each deferred deposit loan agreement in at least twelve-point type:

"A deferred deposit loan is not intended to meet long-term financial needs. This loan should be used only to meet short-term cash needs."

"You have the right to rescind this deferred deposit loan no later than 5 p.m. of the next business day following this loan transaction." Please note that although not required to be in the lender's notice to the debtor, any attempted rescission will not be effective unless the notice is timely and is accompanied by a return of the full principal advanced by the lender to the debtor. Exercising rescission entitles the debtor to a full refund of all fees paid by the debtor as part of the deferred deposit loan transaction. Rescission occurs when the debtor gives written notice of rescission to the lender at the address of the office of the licensee as stated in the deferred deposit agreement or at the location where the transaction occurred.

"If you enter into a deferred deposit loan and three consecutive deferred deposit loans, you have the right to pay off the fourth loan pursuant to an installment payment plan, subject to certain conditions."

2. **Lender's restrictions.** A deferred deposit lender shall not:  
Require a debtor to provide security for the deferred deposit loan or require a debtor to provide a guaranty from another person.

Advance a loan amount greater than Five Hundred Dollars (\$500.00) to a borrower in one deferred deposit loan transaction exclusive of an allowable finance charge.

Engage in a deferred deposit loan with a term of less than twelve (12) days or more than forty-five (45) days.

3. **Finance charge.** Regardless of any other law governing the imposition of interest, fees, loan finance charges or the extension of credit, a deferred deposit lender may charge a finance charge for each deferred deposit loan that does not exceed Fifteen Dollars (\$15.00) for every One Hundred

Dollars (\$100.00) advanced up to the first Three Hundred Dollars (\$300.00) of the amount advanced; for the advance amounts in excess of Three Hundred Dollars (\$300.00), the lender may charge an additional finance charge of Ten Dollars (\$10.00) for every One Hundred Dollars (\$100.00) advanced in excess of Three Hundred Dollars (\$300.00). The credit terms of the deferred deposit loan shall be disclosed in accordance with federal law, including the terms "finance charge" and "annual percentage rate". The finance charge shall be deemed fully earned as of the date of the transaction. Except for a fee for a dishonored instrument and an actual database verification fee, the lender may charge only those charges expressly authorized in connection with a deferred deposit loan.

4. **Written loan agreement.** Each deferred deposit loan shall be documented by a written agreement executed by both the deferred deposit lender and the debtor.
5. **No renewals.** A deferred deposit lender may not enter into a renewal of a deferred deposit loan transaction.
6. **Time between fifth and sixth consecutive deferred deposit loans.** After the debtor has entered into a fifth consecutive deferred deposit loan, a deferred deposit lender shall not make a deferred deposit loan to a debtor until 8:00 a.m. on the second business day after the fifth consecutive deferred deposit loan has been paid in full.

For verification of the number of consecutive loans, contact Veritec Solutions at 1-877-655-6261. Veritec Solutions is a private database approved by the Administrator of the Department of Consumer Credit pursuant to 59 O.S. § 3109 (B) (2) (b).

7. **Manner of collection for past-due accounts.**
  - A. A lender shall collect past-due accounts in a professional, fair and lawful manner, in accordance with the federal Fair Debt Collection Practices Act.
  - B. A lender shall not threaten or pursue criminal action against a debtor as a result of the debtor's instrument being returned unpaid or the debtor's deferred deposit loan account not being paid.
  - C. A debtor shall not be subject to any criminal penalty if an instrument is dishonored.
8. **Dishonored instrument charge.** If an instrument held by a lender as a result of a deferred deposit loan is returned to the lender from a payor financial institution due to insufficient funds, a closed account or a stop payment order, the lender shall have the right to exercise all civil means

authorized by law to collect the amount of the instrument. In addition, the lender may contract for and collect a dishonored instrument charge, not to exceed Twenty-five Dollars (\$25.00); however, a dishonored instrument charge shall not be allowed if the instrument is dishonored by a financial institution, or the debtor places a stop payment order, due to forgery or theft of the instrument.

**III. Debtor's right to an installment repayment plan.** 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

**IV. Availability of debt management and credit counseling services.** Debt management companies can provide assistance to consumers who need help reorganizing their debts. Additionally, consumer credit counseling services can provide financial education and budgeting advice. Debt management and credit counseling providers work with consumers and their creditors to coordinate repayment agreements and to manage finances. Consult the business section of the telephone book or contact the Oklahoma Department of Consumer Credit at 1-800-448-4904 to obtain a list of debt management and credit counseling providers.

**V. Additional Assistance concerning Deferred Deposit Loans.** For questions regarding deferred deposit loans or assistance with a complaint against a deferred deposit lender, contact the Oklahoma Department of Consumer Credit at 1-800-448-4904. The Department's Internet website is [www.okdocc.state.ok.us](http://www.okdocc.state.ok.us).

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