

Credit Services Organization Act
24 O.S. §§ 131 – 148

Chapter 8 – Credit Services Organization Act
Section 131 – Short Title

This act shall be known and may be cited as the "Credit Services Organization Act".

Historical Data

Added by Laws 1987, c. 35, § 1, emerg. eff. April 20, 1987.

Section 132 – Definitions

As used in the Credit Services Organization Act:

1. "Buyer" means any individual who is solicited to purchase or who purchases the services of a credit services organization;

2. a. "Credit services organization" means any person who, with respect to the extension of credit by others, sells, provides, performs, or represents that the person can or will sell, provide, or perform, in return for the payment of money or other valuable consideration from any source, any of the following services more than twelve times in a calendar year:

(1) improving a buyer's credit record, history, or rating,

(2) obtaining an extension of credit for a buyer, or

(3) providing advice or assistance to a buyer with regard to division (1) or (2) of this subparagraph,

b. "Credit services organization" does not include:

(1) any person authorized to make loans or extensions of credit under the laws of this state or the United States who is subject to regulation and supervision by this state or the United States or a lender approved by the United States Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act,

(2) any bank, savings and loan institution or credit union whose deposits or accounts are eligible for insurance by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration or a subsidiary of such bank, savings and loan institution or credit union,

(3) any nonprofit organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code,

(4) any person licensed as a real estate broker by this state if the person is acting within the course and scope of that license,

(5) any person licensed to practice law in this state if the person renders services within the course and scope of the practice of the person as an attorney,

(6) any broker-dealer registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission if the broker-dealer is acting within the course and scope of that regulation,

(7) any consumer reporting agency as defined in the Federal Fair Credit Reporting Act, 15 U.S.C., Sections 1681 through 1681t,

(8) any person authorized to file electronic income tax returns who does not receive any consideration for refund anticipation loans,

(9) any residential mortgage broker as defined in the Mortgage Broker Licensure Act, or

(10) any insurance company, its affiliates and subsidiaries, authorized to do business in this state by the Insurance Commissioner, including insurance agents licensed in this state;

3. "Extension of credit" means the right to defer payment of debt or to incur debt and defer its payment offered or granted primarily for personal, family, or household purposes, or to anyone whose principal occupation is agricultural in nature; and

4. "Administrator" means the Administrator of the Department of Consumer Credit.

Historical Data

Added by Laws 1987, c. 35, § 2, emerg. eff. April 20, 1987; Amended by Laws 1987, c. 208, § 53, operative July 1, 1987; Amended by Laws 1987, c. 236, § 79, emerg. eff. July 20, 1987; Amended by Laws 1991, c. 312, § 6, eff. July 1, 1991; Amended by Laws 1992, c. 210, § 1, emerg. eff. May 15, 1992; Amended by Laws 1997, c. 401, § 12, eff. November 1, 1997; Amended by Laws 1998, c. 130, § 1, eff. November 1, 1998; Amended by Laws 2002, HB 2091, c. 171, § 1, eff. August 23, 2002

Section 133 – Restrictions on Individuals or Organizations that Sell Services of Credit Services Organizations

A credit services organization, its salespersons, agents, and representatives, and independent contractors who sell or attempt to sell the services of a credit services organization may not do any of the following:

1. Charge or receive any money or other valuable consideration prior to full and complete performance of the services the credit services organization has agreed to perform for the buyer, unless the credit services organization has obtained a surety bond of Ten Thousand Dollars (\$10,000.00) issued by a surety company admitted to do business in this state and established a trust account at a federally insured bank or savings and loan association located in this state;

2. Charge or receive any money or other valuable consideration solely for referral of the buyer to a retail seller who will or may extend credit to the buyer if the credit that is or will be extended to the buyer is upon substantially the same terms as those available to the general public;

3. Make or counsel or advise any buyer to make any statement that is untrue or misleading or that should be known by the exercise of reasonable care to be untrue or misleading, to a credit reporting agency or to any person who has extended credit to a buyer or to whom a buyer is applying for an extension of credit with respect to a buyer's credit worthiness, credit standing, or credit capacity; or

4. Make or use any untrue or misleading representations in the offer or sale of the services of a credit services organization or engage, directly or indirectly, in any act, practice, or course of business that

operates or would operate as fraud or deception upon any person in connection with the offer or sale of the services of a credit services organization.

Historical Data

Added by Laws 1987, c. 35, § 3, emerg. eff. April 20, 1987.

Section 134 – Exemption from Obtaining Surety Bond and Establishing Trust Accounts – Responsibility for Acts of Employees or Agents.

If a credit services organization is in compliance with paragraph 1 of Section 3 of this act, the salesperson, agent, or representative who sells the services of that organization is not required to obtain a surety bond and establish a trust account. Provided, however, said organization or entity shall be responsible for the acts of their employees or agents performed within the scope of their employment.

Historical Data

Added by Laws 1987, c. 35, § 4, emerg. eff. April 20, 1987.

Section 135 – Written Statement of Information.

Before the execution of a contract or agreement between the buyer and a credit services organization or before the receipt by the credit services organization of any money or other valuable consideration, whichever occurs first, the credit services organization shall provide the buyer with a statement, in writing, containing all the information required by Section 6 of this act. The credit services organization shall maintain on file for a period of two (2) years an exact copy of the statement, personally signed by the buyer, acknowledging receipt of a copy of the statement.

Historical Data

Added by Laws 1987, c. 35, § 5, emerg. eff. April 20, 1987.

Section 136 – Contents of Information Statement

The information statement required pursuant to Section 5 of this act shall include all of the following:

1. a. a complete and accurate statement of the buyer's right to review any file on the buyer maintained by any consumer reporting agency, as provided under the Federal Fair Credit Reporting Act, 15 U.S.C., Sections 1681 through 1681t,
 - b. a statement that the buyer may review his or her consumer reporting agency file at no charge if a request is made to the consumer credit reporting agency within thirty (30) days after receiving notice that credit has been denied, and
 - c. the approximate price the buyer will be charged by the consumer reporting agency to review his or her consumer reporting agency file;
2. A complete and accurate statement of the buyer's right to dispute the completeness or accuracy of any item contained in any file on the buyer maintained by any consumer reporting agency;

3. A complete and detailed description of the services to be performed by the credit services organization for the buyer and the total amount the buyer will have to pay, or become obligated to pay, for the services;

4. A statement asserting the buyer's right to proceed against the bond or trust account required under Section 3 of this act; and

5. The name and address of the surety company that issued the bond, or the name and address of the depository and the trustee and the account number of the trust account.

Historical Data

Added by Laws 1987, c. 35, § 6, emerg. eff. April 20, 1987.

Section 137 – Requirements of Contracts between Buyer and Credit Services Organization – Contents – Form for Notice of Cancellation – Copies

A. Each contract between the buyer and a credit services organization for the purchase of the services of the credit services organization shall be in writing, dated, signed by the buyer, and include the following:

1. A conspicuous statement in bold face type, in immediate proximity to the space reserved for the signature of the buyer, as follows: "You, the buyer, may cancel this contract at any time prior to midnight of the fifth day after the date of the transaction. See the attached notice of cancellation form for an explanation of this right";
2. The terms and conditions of payment, including the total of all payments to be made by the buyer, whether to the credit services organization or to some other person;
3. A full and detailed description of the services to be performed by the credit services organization for the buyer, including all guarantees and all promises of full or partial refunds, and the estimated date by which the services are to be performed, or estimated length of time for performing the services; and
4. The credit services organization's principal business address which shall be the actual office location of the organization and the name and address of its agent in the state authorized to receive service of process.

B. The contract shall be accompanied by a completed form in duplicate, captioned "Notice of Cancellation" that shall be attached to the contract, be easily detachable, and contain in bold face type the following statement written in the same language as used in the contract:

"Notice of Cancellation

You may cancel this contract, without any penalty or obligation, within five (5) days from the date the contract is signed.

If you cancel any payment made by you under this contract, it will be returned within ten (10) days following receipt by the seller of your cancellation notice.

To cancel this contract, mail or deliver a signed dated copy of this cancellation notice, or any other written notice to (name of seller) at (address of seller) (place of business) not later than midnight (date) I hereby cancel this transaction, (date) (purchaser's signature) "

C. The credit services organization shall give to the buyer a copy of the completed contract and all other documents the credit services organization requires the buyer to sign at the time they are signed.

Historical Data

Added by Laws 1987, c. 35, § 7, emerg. eff. April 20, 1987.

Section 138 – Waivers Void and in Violation of Act – Burden of Proving Exemption or Exception from Definition – Violations and Jurisdiction – Enforcement of Rights

A. Any waiver by a buyer of any part of this act is void. Any attempt by a credit services organization to have a buyer waive rights given by this act is a violation of this act.

B. In any proceeding involving this act, the burden of proving an exemption or an exception from a definition is upon the person claiming it.

C. Any person who violates this act is guilty of a misdemeanor. Any district court of this state has jurisdiction in equity to restrain and enjoin the violation of this act.

D. This section does not prohibit the enforcement by any person of any right provided by this or any other law.

Historical Data

Added by Laws 1987, c. 35, § 8, emerg. eff. April 20, 1987.

Section 139 – Action for Recovery of Damages – Remedies

A. Any buyer injured by a violation of this act may bring any action for recovery of damages. Judgment shall be entered for actual damages, but in no case less than the amount paid by the buyer to the credit services organization, plus reasonable attorney's fees and costs. An award may also be entered for punitive damages.

B. The remedies provided under this act are in addition to any other procedures or remedies for any violation or conduct provided for in any other law.

Historical Data

Added by Laws 1987, c. 35, § 9, emerg. eff. April 20, 1987.

Section 140 – Administration and Promulgation of Rules and Regulations

The Department of Consumer Credit shall administer and promulgate rules and regulations to implement the provisions of this act.

Historical Data

Added by Laws 1987, c. 35, § 10, emerg. eff. April 20, 1987.

Section 141 – Requirement of License to Engage in Business as Credit Service Organization

No person shall engage in business as a credit service organization without first obtaining a license from the Administrator pursuant to the provisions of the Credit Services Organization Act. Any extensions of credit brokered or arranged on behalf of a buyer by a credit service organization must comply with the provisions of the Uniform Consumer Credit Code and the Credit Services Organization Act.

Historical Data

Added by Laws 1987, c. 208, § 46, operative July 1, 1987, and by Laws 1987, c. 236, § 72, emerg. eff. July 20, 1987; Amended by Laws 2002, HB 2091, c. 171, § 2, eff. August 23, 2002

Section 142 – Application for Credit Service Organization License – Resident Agent

A. Applications for a credit service organization license shall be under oath and shall state the full name and place of residence of the applicant. If the applicant is a partnership, the full name and place of residence of each member thereof shall be stated. If the applicant is a corporation, the full name and place of residence of each officer or major stockholder thereof shall be stated. The application shall give the approximate location from which the business is to be conducted, and shall contain such relevant information as the Administrator may require.

B. Each licensee shall maintain on file with the Administrator a written appointment of a resident of this state as his agent for service of all judicial or other process or legal notice, unless the licensee has appointed an agent pursuant to another statute of this state. In case of noncompliance with the provision of this section, such service may be made on the Administrator on behalf of the licensee.

Historical Data

Added by Laws 1987, c. 208, § 47, operative July 1, 1987 and Laws 1987, c. 236, § 73, emerg. eff. July 20, 1987.

Section 143 – Investigation of Administrator – Investigation Fee – Issuance or Denial of License

A. Upon the filing of an application and bond, payment of the annual license fee of One Hundred Dollars (\$100.00), and an investigation fee of One Hundred Dollars (\$100.00), the Administrator shall conduct an investigation. If the Administrator finds that the financial responsibility, experience, character and general fitness of the applicant are such as to warrant belief that the business will be operated pursuant to the Credit Services Organization Act and rules promulgated pursuant thereto, the Administrator shall grant the application and issue to the applicant a license which will evidence his authority to do business under the provisions of the Credit Services Organization Act.

B. If the Administrator does not so find facts sufficient to warrant issuance of a license, he shall notify the applicant. If within thirty (30) days of such notification the applicant requests a hearing on the application, a hearing shall be held within sixty (60) days after the date of the request. In the event of the denial of a license, the investigation fee shall be retained by the Administrator, but the annual license fee shall be returned to the applicant.

C. The Administrator shall grant or deny such application for license within sixty (60) days from its filing with the required fees, or from the hearing thereon, if any, unless the period is extended by written agreement between the applicant and the Administrator.

D. No license to engage in the business of a credit services organization shall be issued for any location if a license has been issued and is in effect under the provisions of Sections [3-501](#) through [3-514](#) of Title 14A of the Oklahoma Statutes. As used in this subsection the term "location" means the entire area in which a person licensed pursuant to any provision of Title 14A of the Oklahoma Statutes conducts business. No credit service organization may be connected with any location in which a person licensed

pursuant to any provision of Title 14A of the Oklahoma Statutes conducts business, except by a passageway to which the public is not admitted.

Historical Data

Added by Laws 1987, c. 208, § 48, operative July 1, 1987 and Laws 1987, c. 236, § 74, emerg. eff. July 20, 1987.

Section 144 – Statement and Display of Licenses – Issuance of More than One License – Term – Annual Fee

A. Each license shall state the name of the license and the address of which the business is to be conducted. The license shall be displayed at the place of business named in the license. The license shall not be transferable or assignable except upon approval by the Administrator.

B. A separate license shall be required for each credit service organization operated pursuant to the Credit Services Organization Act.

The Administrator may issue more than one license to any one person upon compliance with the provisions of the Credit Services Organization Act as to each license. A licensee desiring to move his credit service operation to another location shall give thirty (30) days' written notice to the Administrator, who shall amend the license accordingly.

C. Each license shall remain in full force and effect until relinquished, suspended, revoked or expired. Every licensee, on or before December 1 of each year, shall pay the Administrator One Hundred Dollars (\$100.00) for each license held by him as the annual fee for the succeeding calendar year. If the annual fee remains unpaid fifteen (15) days after written notice of delinquency has been given to the licensee by the Administrator, the license shall thereupon expire, but expiration shall not occur before December 31 of any year for which an annual fee has been paid.

Historical Data

Added by Laws 1987, c. 208, § 49, operative July 1, 1987 and Laws 1987, c. 236, § 75, emerg. eff. July 20, 1987.

Section 145 – Administrator May Suspend or Revoke License upon Certain Findings

A. The Administrator may, after notice and hearing, suspend or revoke any license if he finds that:

1. The licensee has failed to pay any fee or charge properly imposed by the Administrator under the authority of the Credit Services Organization Act;
2. The licensee, either knowingly or without the exercise of due care to prevent the same, has violated any provisions of the Credit Services Organization Act or any regulation or order lawfully made pursuant thereto; or
3. Any fact or condition exists which, if it had existed or had been known to exist at the time of the original application for a license, clearly would have justified the Administrator in refusing the license.

B. The hearing shall be held upon twenty (20) days' notice in writing, setting forth the time and place thereof and a concise statement of the facts alleged to warrant suspension or revocation. At the conclusion of the hearing, the Administrator shall prepare a written order setting forth the effective date of

any suspension or revocation accompanied by findings of fact and a copy thereof shall be forthwith delivered to the licensee. Such order, findings and the evidence considered by the Administrator shall be filed with the public records of the Administrator.

C. Any licensee may surrender any license by delivering it to the Administrator with written notice of its surrender, but such surrender shall not affect the licensee's civil or criminal liability for acts committed prior thereto.

D. No revocation, suspension or surrender of any license shall impair or affect the obligation of any preexisting lawful contract between the licensee and any customer.

E. The Administrator may reinstate suspended licenses or issue new licenses to a person whose license or licenses have been revoked if no fact or condition then exists which clearly would have justified the Administrator in refusing originally to issue such license pursuant to the Credit Services Organization Act.

F. On application of any person and payment of the cost thereof, the Administrator shall furnish under his seal and signature a certificate of good standing or a certified copy of any license.

Historical Data

Added by Laws 1987, c. 208, § 50, operative July 1, 1987 and Laws 1987, c. 236, § 76, emerg. eff. July 20, 1987.

Section 146 – Examination and Inquiry into Books and Records

A. At such times as the Administrator may deem necessary, the Administrator or his duly authorized representative may make an examination of the place of business of each licensee and may inquire into and examine the transactions, books, accounts, papers, correspondence and records of such licensee insofar as they pertain to the business regulated by the Credit Services Organization Act. Such books, accounts, papers, correspondence and records shall also be open for inspection at any reasonable time by any peace officer, without any need of judicial writ or other process. In the course of an examination, the Administrator or his duly authorized representative shall have free access to the office, place of business, files, safes and vaults of such licensee, and shall have the right to make copies of any books, accounts, papers, correspondence and records. The Administrator or his duly authorized representative, during the course of such examination, may administer oaths and examine any person under oath upon any subject pertinent to any matter about which the Administrator is authorized or required by the Credit Services Organization Act to consider, investigate or secure information. Any licensee who fails or refuses to permit the Administrator or his duly authorized representative to examine or make copies of such books or other relevant documents shall be deemed to be in violation of the Credit Services Organization Act and such failure or refusal shall constitute grounds for the suspension or revocation of such license. The information obtained in the course of any examination or inspection shall be confidential, except in civil or administrative proceedings conducted by the Administrator, or criminal proceedings instituted by the state. Each licensee shall pay to the Administrator an amount assessed by the Administrator to cover the direct or indirect cost of such examination, not to exceed Two Hundred Dollars (\$200.00) in any calendar year.

B. For the purpose of discovering violations of the Credit Services Organization Act or of securing information required by the Credit Services Organization Act, the Administrator or his duly authorized representative may investigate the books, accounts, papers, correspondence and records of any licensee or other person who the Administrator has reasonable cause to believe is violating any provision of the Credit Services Organization Act whether or not such person shall claim to be within the authority or scope of the Credit Services Organization Act.

C. Each licensee shall keep or make available in this state such books and records relating to credit service transactions made pursuant to the Credit Services Organization Act as are necessary to enable the Administrator to determine whether the licensee is complying with the Credit Services Organization Act. Such books and records shall be consistent with accepted accounting practices.

D. Each licensee shall preserve or make available such books and records in this state relating to each of its credit service transactions for four (4) years from the date of the transaction, or two (2) years from the date of the final entry made thereon, whichever is later. Each licensee's system of records shall be accepted if it discloses such information as may be reasonably required pursuant to the Credit Services Organization Act. All agreements signed by customers shall be kept at an office in this state designated by the licensee, except when transferred under an agreement which gives the Administrator access thereto.

E. Each licensee, annually on or before the first day of May or other date thereafter fixed by the Administrator, shall file a report with the Administrator setting forth such relevant information as the Administrator may reasonably require concerning the business and operations during the preceding calendar year for each licensed place of business conducted by such licensee within the state. Such report shall be made under oath and shall be in the form prescribed by the Administrator, who may make and publish annually a consolidated analysis and recapitulation of such reports, but the individual reports shall be held confidential.

Historical Data

Added by Laws 1987, c. 208, § 51, operative July 1, 1987 and Laws 1987, c. 236, § 77, emerg. eff. July 20, 1987.

Section 147 – Clear and Accurate Disclosures to Consumer – Applicability – Credit Histories – Fees

A. Every consumer reporting agency shall, upon request and proper identification of any consumer, clearly and accurately disclose to the consumer:

1. The nature and substance of all information, except medical information, in its files on the consumer at the time of the request;
2. The sources of the information, except that the sources of information acquired solely for use in preparing an investigative consumer report and actually used for no other purpose need not be disclosed. Provided, in the event an action is brought under this act, such sources shall be available to the plaintiff under appropriate discovery procedures in the court in which the action is brought; and
3. The recipients of any consumer report on the consumer which it has furnished:
 - a. for employment purposes within the two-year period preceding the request, and
 - b. for any other purpose within the six-month period preceding the request.

B. The requirements of subsection A of this section respecting the disclosure of sources of information and the recipients of consumer reports do not apply to information received or consumer reports furnished prior to the effective date of this act, except to the extent that the matter involved is contained in the files of the consumer reporting agency on that date.

C. All consumer reporting agencies, as such agencies are defined in the Federal Fair Credit Reporting Act, 15 U.S.C., Sections 1681 through 1681t, which operate offices in the State of Oklahoma shall allow any requesting person to receive his or her credit history.

D. A consumer reporting agency shall make all disclosures and furnish all consumer reports without charge to the consumer if requested within thirty (30) days after receipt by such consumer of a notification from a debt collection agency affiliated with such consumer reporting agency stating that the consumer's credit rating may be or has been adversely affected. Otherwise, the consumer reporting agency may impose a reasonable charge on the consumer:

1. For making disclosure to such consumer, the charge for which shall be indicated to the consumer prior to making disclosure; and
2. For furnishing credit histories authorized in subsection C of this section, notifications, statements,

summaries or codifications to persons designated by the consumer, the charge for which shall be indicated to the consumer prior to furnishing such information.

Provided, no charge may be made for notifying such persons of the deletion of information which is found to be inaccurate or which can no longer be verified.

Historical Data

Added by Laws 1987, c. 208, § 52, effective July 1, 1987; Amended by Laws 1987, c. 236, § 78, emerg. eff. July 20, 1987; Amended by Laws 1988, c. 196, § 5, effective July 1, 1988.

Section 148 – Consumer Report Request

A. Prior to requesting a consumer report for employment purposes, the requestor or user of the consumer report shall provide written notice to the person who is the subject of the consumer report. The notice shall inform the consumer that a consumer report will be used and the notice shall contain a box that the consumer may check to receive a copy of the consumer report. If the consumer requests a copy of the report, the user of the consumer report shall request that a copy be provided to the consumer when the user of the consumer report requests its copy from the credit reporting agency. The report sent to the consumer shall be provided at no charge to the consumer. As used in this section, "consumer report" shall have the same meaning as that term is defined in the federal Fair Credit Reporting Act, 15 U.S.C., Sections 1681 et seq.

B. No person shall be held liable for any violation of this section if such person shows by a preponderance of the evidence that, at the time of the alleged violation, such person maintained reasonable procedures to assure compliance with this section.

Historical Data

Added by Laws 2000, HB 2492, c. 170, § 1, eff. November 1, 2000.