DEFERRED DEPOSIT LOAN
HANDOUT

DATE_____

BUSINESS_____LICENSE NUMBER DDL_____

PLEASE PROVIDE EXAMINER WITH THE FOLLOWING ITEMS:

Last Examination Report Last Examination Date:_____

Company Procedure Manual

Current Rate Chart

List of all active accounts (Checks Held Report)

List of all accounts filed for judgment since last examination date (above)

List of all accounts sold to a third party since last examination date (above)

List of all accounts assigned to a third party and payment history from third party on accounts collected on since last examination date (above)

List of insufficient checks from previous month

List of all state installment payment plans since last examination date (above)

List of all self imposed installment payment plans since last examination date (above)

List of all rescinded transactions since last examination date (above)

Advertising File

Copy of Borrowers Rights and Responsibilities you are currently using

Outstanding as of today: Loans – Number_____ Amount $_____

Loan Disclosures – EXAMINER TO SELECT (Examiner will need access to a computer, file, all contracts since previous exam, and current check being held for all borrowers selected by examiner)

Office Hours_____

Manager's Name (Print)_____Phone_____

Supervisor's Name (Print)_____Phone_____

Name and email address of person responsible to receive examination results:

_____

Examination results will be emailed to this person

DEFERRED DEPOSIT LENDING ACT
EXAMINATION CHECKLIST

I. DISCLOSURES

A. Regulation Z requirements

_____ **1.** Are the terms "FINANCE CHARGE" and "ANNUAL PERCENTAGE RATE" disclosed more conspicuously than any other disclosure except the lender's identity? OAC 45-5-1(a)(2).

Contract: APR/Finance Charge will be bolded or colored grey in a TILA box. Required

_____ **2.** Does the lender make disclosures before consummation of the transaction? OAC 160:45-5-1(b).

Contract Review/ Field Observation

_____ **3.** Is the identity of the lender disclosed? OAC 160:45-5-2(1)

Contract: Lender's name is a required disclosure

_____ **4.** Is the term "AMOUNT FINANCED" disclosed with a brief description such as "THE AMOUNT OF CREDIT PROVIDED TO YOU OR ON YOUR BEHALF?" OAC 160:45-5-2(2)

Contract: Amount Financed will be in a TILA box. Required

_____ **5.** Is there a separate, written itemization of the amount financed? If not, does the lender include a statement that the debtor has the right to receive a written itemization of the amount financed, together with a space for the debtor to indicate whether it is desired and the consumer does not request it? OAC 160:45-5-2(3)(B). The itemization shall include the following:

(i) The amount of any proceeds distributed directly to the consumer;
(ii) The amount credited to the debtor's account with the creditor;
(iii) The prepaid finance charge

Contract: Itemization of amount financed should be disclosed on the contract (99.999% of time) OR a statement should be disclosed for written request

_____ **6.** Is the "FINANCE CHARGE" disclosed using that term and a brief description such as "THE DOLLAR AMOUNT THE CREDIT WILL COST YOU?" OAC 160:45-5-2(4).

Contract: Finance Charge will be in a TILA box. Required

_____ **7.** Is the "ANNUAL PERCENTAGE RATE" disclosed using that term and a brief description such as "THE COST OF YOUR CREDIT AS A YEARLY RATE?" OAC 160:45-5-2(5).

Contract: APR will be in a TILA box. Required

_____ **8.** Is the payment schedule disclosed, including the number, amounts and timing of payments scheduled to repay the obligation? OAC 160:45-5-2(7).

Contract: Payment schedule is a required disclosure

I. DISCLOSURES

B. Deferred Deposit Lending Act requirements

_____ **9.** Does the written loan agreement contain the following provisions? 59 O.S. 3104(A).

(i) The name or trade name of the lender;

(ii) The license number of the lender;

(iii) The toll-free telephone number of the Department of Consumer Credit;

(iv) The transaction date;

(v) The loan amount;

(vi) A statement of the total fees and charges;

(vii) Express authorization for the lender to defer presentment or deposit of the debtor's instrument until a specific date.

Contract: Review for the above, listed required disclosures

_____ **10.** Does the lender provide the following notices to the debtor in a prominent place on each loan agreement in at least twelve (12) point type? 59 O.S. 3104(E).

(i) "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;"

(ii) "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;"

(iii) "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."

Contract: Review for the above, listed required disclosures

_____ **11.** Prior to sale or assignment of instruments held by the lender as a result of a deferred deposit loan, does the lender place a notice on the debtor's instrument in at least twelve-point type to read as follows and includes the address and toll-free telephone number of the Department of Consumer Credit: 59 O.S. 3104(G).

"This is a deferred deposit loan instrument regulated by the Oklahoma Department of Consumer Credit, Title 59, Sections 3101 et seq., and any holder of this check takes it subject to all claims and defenses of the originator."

Instrument/Assignee Agreement: Review. One or the other is required to have this disclosure

_____ **12.** At the time a debtor enters into a deferred deposit loan transaction, does the lender provide the debtor with a pamphlet, approved by the Administrator of Consumer Credit, describing the availability of debt management and credit counseling services, the debtor's right to an installment payment plan and the debtor's rights and responsibilities in the transaction. The pamphlet shall indicate a toll-free telephone number for the Administrator that the debtor may contact to receive information relating to debt management and credit counseling services. 59 O.S. 3104(H).

Borrower's Rights and Responsibilities: Request. Field Observation

_____ **13.** Does the lender provide a completed copy of the written agreement and a "*notice of cancellation*" form to the debtor? Is the written agreement and "notice of cancellation" form acknowledged in writing by the debtor when the written agreement is signed? 59 O.S. 3104(C).

Notice of Cancellation Form: Review with contracted loan

_____ **14.** Does the lender post at the licensed location a notice of the charges, terms, and effective annual percentage rate for deferred deposit loans made by the lender? 59 O.S. 3104 (F). **Rate Chart posted at the location**

(i) Is the notice posted on the front exterior of the licensed location and on each counter, desk, table or other station where potential debtors are processed? OAC 160:70-5-2(a);
Field Observation

(ii) Is each notice at least 8.5 inches by 14 inches with black characters on a white background? OAC 160:70-5-2(b);
Field Observation

(iii) Are characters legible and at least twenty-point type with the effective annual percentage rates and finance charges in bold type? OAC 160:70-5-2(c);
Field Observation

(iv) Is the front exterior notice posted so that it is readable from outside the licensed location? OAC 160:70-5-2(c);
Field Observation

(v) Is each notice in plain view so that the whole notice is readable by potential debtors at all times and not obstructed by any other object or signage? OAC 160:70-5-2(d).
Field Observation

II. PROHIBITED PRACTICES/MAXIMUM CHARGES

_____ **1.** Does the lender *charge fees* other than, or in excess of those authorized by the Deferred Deposit Lending Act? 59 O.S. 3106(1). Authorized fees are as follows:

(i) Finance charges. $15.00 finance charge for every $100.00 advanced up to $300.00; $10.00 additional finance charge for every $100.00 advanced in excess of $300.00; 59 O.S. 3108(A);
Contract/Payment History: Calculate disclosure on contract. Review payment history to confirm

(ii) Dishonored instrument charge. A dishonored instrument charge not to exceed $25.00 that is contracted for with the debtor; 59 O.S. 3108(B);
Contract/Payment History: Review payment history and contract to confirm

(iii) Veritec database verification fee. A Veritec database verification fee of $0.56 per transaction. 59 O.S. 3109(B)(2)(b).
Contract/Payment History: Calculate disclosure on contract. Review payment history to confirm

_____ **2.** Is the lender licensed to make deferred deposit loans at the location being examined? 59 O.S. 3106(2).
Department Database/License

_____ **3.** Has the lender altered or deleted the date on an instrument after it has been accepted by the lender pursuant to a deferred deposit loan?
59 O.S. 3106(3). **Check Instrument**

_____ **4.** Has the lender *accepted an undated* instrument or an instrument dated on a date other than the date of the deferred deposit loan?
59 O.S. 3106(4) **Check Instrument**

_____ **5.** Has the lender *accepted* an instrument on an account which is not a legitimate, open and active account? 59 O.S. 3106(5) **Check Instrument**

_____ **6.** Did the lender require a debtor to provide security for the deferred deposit loan or require a debtor to provide a guaranty from another person?
59 O.S. 3106(6). **Contract or Separate Document (No Cosigner)**

_____ **7.** Has the lender advanced a loan amount greater than Five Hundred Dollars ($500.00) to a borrower in one deferred deposit loan transaction exclusive of the finance charge allowed in 59 O.S. 3108(A)? 59 O.S. 3106(7). **Contract**

_____ **8.** Has the lender engaged in a deferred deposit loan with a term of less than twelve (12) days or more than forty-five (45) days? 59 O.S. 3106(8). **Agreement**

_____ **9.** Has the lender negotiated or presented an instrument for payment that is not *endorsed* with the actual business name of the lender? 59 O.S. 3106(9). **Check Instrument**

_____ **10.** Has the lender negotiated any instrument presented by a borrower if the borrower has redeemed the instrument by paying the full amount due under the deferred deposit loan? 59 O.S. 3106(10). **Transaction History or Complaint (over payment)**

_____ **11.** Has the lender made any *charge* for insurance in connection with a deferred deposit loan transaction? 59 O.S. 3106(11). **Transaction History/Contract**

_____ **12.** Has the lender refused the borrower's *right to rescind* the deferred deposit loan at any time between the time of the deferred deposit loan transaction and 5 p.m. of the next business day following the deferred deposit loan transaction? 59 O.S. 3106(12). **Complaint or Account Notes**

_____ **13.** Has the lender *charged* the borrower an additional finance charge or fee for cashing a lender's business instrument, if the lender pays the proceeds from the loan transaction in the form of a business instrument? 59 O.S. 3106(13). **Transaction History/Complaints**

_____ **14.** Has the lender required or accepted more than one dated instrument per deferred deposit loan? 59 O.S. 3106(14). **Agreement and Check Instruments**

_____ **15.** Has the lender refused the borrower's right to enter into an installment payment plan, pursuant to the Deferred Deposit Lending Act? 59 O.S. 3106(15). **Complaint**

_____ **16.** Loan renewals. Has the lender entered into a renewal of a deferred deposit loan under any of the following scenarios? 59 O.S. 3109(A)

(i) The debtor pays in *cash* the finance charge payable under a deferred deposit loan and refinances all or part of the unpaid balance of the principal of the deferred deposit loan with a new deferred deposit loan; 59 O.S. 3102(16);

(ii) The debtor pays off an existing deferred deposit loan with the *proceeds of a deferred deposit loan from another lender;* 59 O.S. 3102(16);

(iii) A new deferred deposit loan is made by the lender with a debtor within thirteen (13) calendar days after a previous deferred deposit loan has been entered into between the lender and the debtor. 59 O.S. 3109(C).
Veritec Report and Agreement

_____ **17.** Completion of loan transaction. Does the lender complete the deferred deposit loan transaction when one of the following occurs? 59 O.S. 3109(C). **Status Closed in Veritec**

(i) When the lender presents the instrument for payment; or

(ii) When the lender initiates an ACH debit to the debtor's bank account to collect on an instrument or

(iii) When the debtor redeems the instrument by paying the full amount of the instrument to the lender

_____ **18.** Verification of outstanding loans. Does the lender require an applicant to *sign an affidavit* stating whether the applicant has any deferred deposit loan outstanding with the lender or any other deferred deposit lender and if so, the status of each such loan? 59 O.S. 3109(B)(1). **Agreement Affidavit of Borrower**

_____ **19.** Verification of outstanding loans. Does the lender *verify the accuracy* of the applicant's affidavit through commercially reasonable means, including the following methods? 59 O.S. 3109(B)(2). **Transaction # and/or Veritec Reports**

(i) 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

(ii) A private database approved by the Administrator of Consumer Credit.

_____ **20.** Has the lender made a loan to an applicant that has more than one outstanding deferred deposit loan? 59 O.S. 3109(2). **Veritec Report Social Security Conflict, Affidavit of Borrower**

_____ **21.** Repayment plan. If a debtor enters into a *third consecutive loan* (defined at 59 O.S. 3102(4)) with the lender, does the lender provide the consumer an option to repay such loan and each consecutive loan pursuant to a written repayment plan subject to the following terms? 59 O.S. 3109(D). **Repayment Plans, Transaction History, and Veritec Report**

(i) The debtor is allowed to request the repayment plan either orally or in writing prior to the due date of the loan;

(ii) The debtor is allowed to 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;

(iii) The debtor pays 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 plan;

(iv) The debtor agrees 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.

_____ **22.** Limit on number of loans. After a debtor has entered into a *fifth consecutive* deferred deposit loan, did the lender make a deferred deposit loan to a debtor prior to 8:00 a.m. on the second business day after the fifth consecutive loan was paid in full? 59 O.S. 3110.
Veritec Customer History

III. RECORDS/ADVERTISING

_____ **1.** Advertising. Does the lender engage in false or misleading advertising concerning the terms or conditions of credit with respect to a deferred deposit loan? 59 O.S. 3111. **Flyers, Ads, mailouts, website, Facebook, etc**

_____ **2.** Does the licensee keep or make available the books and records relating to loans made under the Deferred Deposit Lending Act for four (4) years from the date of the loan or two (2) years from the date of final entry made thereon, whichever is later? 59 O.S. 3114 (D) and (E). **Unable to provide any records requested (Field Observation)**

IV. COLLECTION PRACTICES/LIMITATION ON AGREEMENTS AND PRACTICES

_____ **1.** When communicating with persons other than the debtor for the purpose of acquiring location information about the debtor, does the lender comply with the requirements of OAC 160:70-11-2? **Complaints/Legal Files/Collection Call History/Collection Letters/Bankruptcy Letter**

_____ **2.** Does the lender comply with the requirements of OAC 160:70-11-3 when communicating with the debtor or third parties in connection with debt collection? **Agreement or Separate Document "Permission to Contact" Complaints/Legal Files/Collection Call History/Collection Letters/Bankruptcy Letter**

_____ **3.** Does the lender engage in harassment or abuse in connection with the collection of a debt? OAC 160:70-11-4. **Complaints/Legal Files/Collection Call History/Collection Letters/Bankruptcy Letter**

_____ **4.** Does the lender use any false, deceptive or misleading representation or means in connection with the collection of a debt? OAC 160:70-11-5. **Complaints/Legal Files/Collection Call History/Collection Letters/Bankruptcy Letter**

_____ **5.** Does the lender use any unfair or unconscionable means to collect or attempt to collect a debt? OAC 160:70-11-6. **Complaints/Legal Files/Collection Call History/Collection Letters/Bankruptcy Letter**

_____ **6.** Does the lender comply with the requirements of OAC 160:70-11-7 if the debtor owes multiple debts and makes a single payment? **Transaction Payment History**