

Cost of Credit

Current Law v. HB 1913

- Current Oklahoma law allows installment loans of up to \$1,500 under Section 3-508B of Title 14A - all loans greater than \$146.96 are subject to an acquisition charge of 1/10 of the principal and monthly installment fees of up to \$25.00 (as of July 1, 2017)
- HB 1913 would allow installment loans of up to \$1,500 with interest of up to 17 percent per month
- Borrowers would pay 3 to 4 times more in charges under HB 1913 than what current law allows

\$750 Dollar Loan for 12 Months

| "B" Loan | | HB 1913 Loan | |
|--------------------------|-----------------------------|------------------------|----------|
| Loan Amount | \$750 | Loan Amount | \$750 |
| Acquisition Charge | \$75 | | |
| Monthly Installment Fees | $\$22.50 \times 12 = \270 | | |
| Total Charges & Fees | \$345 | Total Interest Charges | \$1,054 |
| Total Repayment | \$1,095 | Total Repayment | \$1,804 |
| Monthly Payment | \$91.25 | Monthly Payment | \$150.35 |

\$1,000 Dollar Loan for 12 Months

| "B" Loan | | HB 1913 Loan | |
|--------------------------|--------------------------|------------------------|----------|
| Loan Amount | \$1,000 | Loan Amount | \$1,000 |
| Acquisition Charge | \$100 | | |
| Monthly Installment Fees | $\$25 \times 12 = \300 | | |
| Total Charges & Fees | \$400 | Total Interest Charges | \$1,405 |
| Total Repayment | \$1,400 | Total Repayment | \$2,405 |
| Monthly Payment | \$116.67 | Monthly Payment | \$200.47 |

\$1,500 Dollar Loan for 12 Months

| "B" Loan | | HB 1913 Loan | |
|--------------------------|--------------------------|------------------------|----------|
| Loan Amount | \$1,500 | Loan Amount | \$1,500 |
| Acquisition Charge | \$150 | | |
| Monthly Installment Fees | $\$25 \times 12 = \300 | | |
| Total Charges & Fees | \$450 | Total Interest Charges | \$2,108 |
| Total Repayment | \$1,950 | Total Repayment | \$3,608 |
| Monthly Payment | \$162.50 | Monthly Payment | \$300.70 |