

STATE OF ALABAMA
STATE BANKING DEPARTMENT
BUREAU OF LOANS
(NOT SUBJECT TO APA)
ADMINISTRATIVE CODE

CHAPTER 155-2-2
ALABAMA CONSUMER CREDIT ACT REGULATIONS

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155-2-2-.01 Licensing.

(1) The provisions of the Alabama Consumer Credit Act require that a license for each proposed location be obtained from the State Banking Department - Supervisor of the Bureau of Loans prior to engaging in the business of making consumer loans or taking assignments of consumer credit contracts unless otherwise exempt from licensing.

(2) A license is required for each location of an Automated Loan Machine (ALM) where the application, approval, closing and issuance of a check takes place while the applicant is at the ALM.

(3) The exemption as to licensing contained in Section 5-19-22(a) for banks chartered by this state or any other state, banks chartered by the United States, trust companies, savings or building and loan associations, savings banks, and other thrift

institutions, credit unions, and life insurance companies shall not apply to consumer finance subsidiaries of those exempt entities.

(4) Prior to the issuance of a license, the applicant shall have executed and submitted a license application in the form prescribed by the Supervisor and shall include, upon request, additional information, statements and representations as may be required to enable the Supervisor to make the determination as to issuance or denial of license.

(5) Prior to the issuance of a license, the applicant shall have submitted satisfactory evidence that it has tangible net worth/ capital of not less than \$25,000.00 available for the operation of the business under the Alabama Consumer Credit Act.

(6) Prior to the issuance of a license, the applicant shall have tendered the investigation fee and the license fee as required by the Alabama Consumer Credit Act to the Supervisor simultaneously with the filing of the license application. Separate checks for each fee are required and each should be payable to the State Banking Department.

(7) A licensee shall notify and submit the license issued by the Department to the Supervisor within thirty (30) days of the closing of a licensed office.

Author: Scott Corscadden, Supervisor, Bureau of Loans

Statutory Authority: Code of Alabama 1975, §5-19-21, §5-19-22

History: Effective October 1, 1997; Amended January 1, 2020

155-2-2-.02 Renewal Application.

(1) Application for renewal of license shall be submitted in the form prescribed by the Supervisor and shall include such information, statements and representations as may otherwise be required by the Supervisor.

Author: Scott Corscadden, Supervisor, Bureau of Loans

Statutory Authority: Code of Alabama 1975, §5-19-21, §5-19-22

History: Effective October 1, 1997

155-2-2-.03 Amendment of License.

(1) Any amendment of the license shall require the prior approval of the Supervisor. Authorized amendments, including but not limited to changes in location or trade name, shall be made only upon written request of the licensee and submission of the current license.

(2) Failure to obtain the prior approval of the Supervisor may result in a fine not to exceed \$500.00.

(3) Any amendment of the license shall be accompanied by the fee provided for in Rule 155-2-1-.05(1) (e).

Author: Scott Corscadden, Supervisor, Bureau of Loans

Statutory Authority: Code of Alabama 1975, §5-19-21, §5-19-22, §5-19-25

History: Effective October 1, 1997; Amended January 1, 2020

155-2-2-.04 Changes in Ownership.

(1) A licensee, other than a licensee whose shares are publicly traded, shall notify the Supervisor, in writing, of any changes affecting ownership and submit such information as the Supervisor may require consistent with the provisions of the Alabama Consumer Credit Act. The Supervisor may request such information at any time should he or she have reasonable cause to believe a change in licensee's ownership has occurred.

Author: Scott Corscadden, General Counsel

Statutory Authority: Code of Alabama 1975, §5-19-21, §5-19-22

History: Effective October 1, 1997

155-2-2-.05 Office Copy of Act and Regulations.

(1) Each licensed location shall maintain a file containing a copy of the Act and a copy of all current regulations issued thereunder.

Author: Scott Corscadden, General Counsel

Statutory Authority: Code of Alabama 1975, §5-19-21, §5-19-22

History: Effective October 1, 1997

155-2-2-.06 Additional Reports and Records.

(1) In addition to the reports and records required elsewhere in the Act and regulations, each licensee shall maintain and/or submit to the Bureau of Loans such other reports and records at such time and in such form as the Supervisor shall r

equire.

Author: Scott Corscadden, General Counsel

Statutory Authority: Code of Alabama 1975, §5-19-21, §5-19-22

History: Effective October 1, 1997

155-2-2-.07 Restricted Activities.

Any and all collection activity procedures and practices by a licensee must be conducted in accordance with applicable law. Unreasonable collection tactics shall include but not be limited to any conduct by the licensee or employee or agent thereof which:

(1) Causes the borrower or any member of the borrower's family to suffer or reasonably fear bodily injury or physical harm.

(2) Constitutes a willful or intentional trespass by force of the borrower's home or the borrower's personal property, without process of law.

(3) Involves use of printed material which simulates or resembles summons, warrants or other legal processes.

(4) Although otherwise lawful, occurs at an unreasonable hour of the night. Attempts to make collections by means of personal visits, telephone calls and the like shall be prima facie unreasonable if they occur between the hours of 9:00 p.m. and 6:00 a.m.

(5) Denies the borrower the possession of or use of items of personal property belonging to the borrower unless the borrower has granted the lender a security interest in the property and the lender has subsequently obtained possession of such property in accordance with applicable law.

(6) Threatens or commences criminal prosecutions for worthless

checks pursuant to Ala. Code §13A-9-13.1, when a personal check is held as security for the loan.

Author: V. Lynne Windham, Associate Counsel

Statutory Authority: Code of Alabama 1975, Sections 5-19-21 and 5-19-29; Ala. Const., Art. I §20

History: Effective October 1, 1997; Amended August 1, 2002

155-2-2-.08 Other Business Activities.

(1) A licensee shall not establish or conduct any other business in the same physical premises as the licensed place of business without having obtained prior written approval of the Supervisor.

(2) Such other business must be conducted in a manner that will involve no evasion or violation of the Act. Records of other business activities shall be maintained separate and apart from licensed activity records and shall be subject to review by the Department.

(3) Any prior written permission or non-objection letters to conduct other business, other than the sale of insurance products pursuant to Section 5-19-20(i) and Regulation 155-2-2-.12, shall remain in effect unless revoked, suspended or withdrawn.

(4) Each licensee shall maintain a copy of any written permission or non-objection letter issued by the Supervisor at each licensed location.

Author: Scott Corscadden, General Counsel

Statutory Authority: Code of Alabama 1975, §5-19-21

History: Effective October 1, 1997

155-2-2-.09 Finance Charge.

(1) For the purposes of determining whether the finance charges on any credit transaction with an amount financed of less than \$2,000 produces a yield greater than the yield permitted by Section 5-19-3(a), the calculation must be determined using the annual percentage rate resulting from the rates established in Section 5-19-3(a)(1) and (2) and in compliance with the provisions of Section 5-19-3(d).

(2) Permissible prepaid finance charges include the points permitted under Section 5-19-4(g) and the interest surcharge permitted under Section 8-8-14(a).

(3) As an alternative to the finance charges authorized in Section 5-19-3(a) or referenced in Section 5-19-3(e), any creditor instead may charge or impose the same rate of interest or finance charge to the same extent and under the same circumstances and conditions as any other federal lending institution having its principal place of business in Alabama, as authorized by and subject to the provisions of Section 8-8-1.1.

(4) The determination of whether the charges or premium paid for debt cancellation coverage are considered finance charge shall be determined in accordance with Section 106 of the Federal Truth in Lending Act, 15 U.S.C. §1605, and the regulations of the Federal Reserve Board promulgated pursuant to the Federal Truth in Lending Act, 12 C.F.R. part 226, and the Official Staff Commentary adopted by the Federal Reserve Board pursuant to that regulation.

Author: Scott Corscadden, General Counsel

Statutory Authority: Code of Alabama 1975, §5-19-3, §5-19-21

History: Effective October 1, 1997

155-2-2-.10 Records to be Maintained by Licensee.

(1) Unless otherwise approved pursuant to Regulation 155-2-2-.10(6), each licensee shall maintain adequate files at each licensed location containing all information necessary to verify compliance with the Alabama Consumer Credit Act and regulations, including, but not limited to, the following:

a. Charges and disclosure information.

b. Paid out, renewed or refinanced account records from which refund verifications may be made shall be kept in readily available files covering a maximum of the preceding two-year period. Older records shall be removed from files or separately segregated. Refund records shall itemize the amount of finance charge refunded and the amount refunded on each type of permissible insurance included in the transaction.

c. Each licensee shall maintain up-to-date forms on all

insurance claims filed, which shall contain all pertinent information necessary to verify compliance with the Act and regulations and proper settlement of all such claims. A copy of the death certificate shall be maintained on death claims. A copy of the police and/or fire report shall be maintained on property claims if such a report is made. In the event of a death claim, the unearned premium of credit life insurance is considered earned by the insurance company but the unearned premium of all other credit insurance shall be refunded to the second beneficiary or the estate of the debtor. The settlement of death claims shall be as of the date of death. The proceeds of any insurance claim applicable to a period of time preceding death shall be credited to the account prior to the computation of death claim benefits. All amounts in excess of that required to pay the indebtedness shall be paid by check to the second beneficiary or estate of the debtor.

d. An up-to-date record of suits filed against debtors and of repossessions whether judicial, non-judicial or voluntary release by the debtors and a deficiency itemization in connection with repossessions including but not limited to add-ons prior to sale (i.e., re-conditioning, battery, etc.). This record shall be maintained on a prepared sheet listing, including, but not limited to, the name and address of the debtor, the account number, the amount financed and the date of the contract, the name of the court and county in which suit was filed and the case number, the date of suit and amount, the date of judgment and amount, the date of garnishment, amount and employer. For credit sale transactions, the record also must list the cash price of the goods repossessed or surrendered, a condition report and book value as applicable on the repossessed item(s), and the amount received from the sale of the repossessed item(s), the date sold and the name and address of the purchaser.

e. An up-to date record of claims filed in arbitration which have not resulted in litigation.

f. When any obligation is paid in full, the licensee shall cause each instrument executed by the debtor evidencing the debt to be marked "Paid" or "Canceled", showing the date of such payment or cancellation, and when duly requested, returned promptly to the debtor together with the release of any mortgages and termination of security interests filed.

(2) Each licensee shall maintain an adequate and readily available record on each borrower, showing the following information:

- a. Loan or account number,
- b. Name and address of the borrower,
- c. Name of co-makers, endorser, guarantors and sureties,
- d. Date of loan,
- e. Schedule of payments (number and amount),
- f. Date of first payment and maturity date,
- g. Amount financed and finance charge and components thereof and the total of payments, as applicable,
- h. Recording or filing and releasing fee if collected, where recorded and date released,
- i. Type of security pledged,
- j. Date and amount of payments received (posting shall be as of the date payments are received and payments made from insurance proceeds shall be so noted),
- k. The amount of each payment applied to interest and amount applied to principal (if interest is not pre-computed),
- l. The unpaid balance after each payment,
- m. The amount of late charges collected, and
- n. Any insurance premiums collected.

(3) If the licensee is also licensed under the provisions of the Small Loan Act, the records in connection with loans made under each act shall be maintained separately and apart or if computerized, such records shall be segregated according to the act under which the loan was made and retrievable in such a manner.

(4) A licensee may maintain records by a generally recognized record retention system provided the Department is afforded access to such system.

(5) A licensee must provide pay-off information in writing to the borrower without charge.

(6) A licensee shall not sell, transfer, remove or otherwise dispose of any relevant record from its licensed location within two years after the last transaction on the account without the prior written approval of the Supervisor.

Author: Scott Corscadden, General Counsel

Statutory Authority: Code of Alabama 1975 §5-19-21, §5-19-24

History: Effective October 1, 1997

155-2-2-.11 Deferral and Extension Charges.

(1) On a pre-computed consumer credit transaction, a deferral charge may be computed by multiplying the final month finance charge refund under the Rule of 78s, exclusive of any earned additional day charges included in the first payment and/or any prepaid finance charges, by the number of months the payment is deferred.

(2) When one or more deferral charges have been made in a scheduled contract, upon renewal or repayment, the number of months elapsed in the contract shall be reduced by the number of deferral charges paid. Refunds shall then be computed on the original finance charge, exclusive of any earned additional day charges included in the first payment and/or any prepaid finance charges, in accordance with Sections 5-19-4(c) and 5-19-4(d) of the Alabama Consumer Credit Act.

(3) On a pre-computed consumer credit transaction when the first payment date is extended, a charge for each additional day may be assessed in an amount not in excess of the maximum finance charges authorized by the Alabama Consumer Credit Act. Such additional charges shall be included in the first payment and, except in the case when daily pro rata refunds are required, not subject to rebate once the extended period has passed.

(4) Prepayment penalties may be provided for in a consumer credit transaction contract and assessed in a simple interest transaction only where the original amount financed is equal to or greater than \$2,000 and (a) the transaction involves an interest in real property and the creditor is exempt from licensing under the Alabama Consumer Credit Act; or (b) the creditor is a trust institution or an exempt trust as described in Section 5-19-31(a). In all other situations, whether the consumer credit transaction is simple interest or pre-computed, the inclusion of a prepayment penalty is not permissible under the Alabama Consumer Credit Act.

Author: Scott Corscadden, Supervisor, Bureau of Loans

Statutory Authority: Code of Alabama 1975, §5-19-3, §5-19-4, §5-19-21

History: Amended October 1, 2001; Amended January 1, 2020

155-2-2-.12 Insurance.

(1) All insurance offered and written pursuant to Section 5-19-20 shall be with a company licensed to do business in the State of Alabama and shall be in accordance with the Rules, Regulations and Orders of the Alabama Department of Insurance in effect at the time the insurance is written. A schedule of rates, policy forms and certificates or statement of insurance shall be maintained by each licensee at each licensed location showing evidence of such filing and/or approval.

(2) Credit Life Insurance. The maximum rates for credit life insurance shall not exceed the following:

a. If the premiums are paid on the monthly basis, \$1.23 per month per \$1,000 of the outstanding insured indebtedness.

b. If the premiums are paid on a single premium basis, the summation of the monthly premiums calculated in accordance with (a) above.

c. For single payment consumer credit contracts, \$1.60 per \$100 per annum based on the total of payments.

d. Joint credit life insurance coverage may be written on both the principal debtor and on one co-signer to the consumer credit contract. The maximum rate for such coverage shall not

exceed an amount equal to 150% of the premium rates shown above.

(3) Credit Accident and Health Insurance (Disability) Rates. The maximum single premium rates per \$100 of initial indebtedness for credit accident and health insurance offered shall not exceed those rates contained in the following table unless a deviation has been requested and approved by the State Banking Department:

No. of Months In which Indebtedness Is payable	<u>Rate Per \$100 of Initial Indebtedness</u>					
	Non-Retroactive Benefits		Retroactive Benefits			
	14-day Non-retro	30-day Non-retro	7-day Retro	14-day Retro	30-day Retro	
1	1.10	.50	2.50	1.80	1.30	
3	1.30	.70	2.75	2.05	1.55	
6	1.50	.90	3.00	2.30	1.80	
12	1.90	1.30	3.50	2.70	2.20	
18	2.30	1.70	4.00	3.10	2.60	
24	2.70	2.10	4.50	3.50	3.00	
30	3.10	2.50	5.00	3.90	3.40	
36	3.50	2.90	5.50	4.30	3.80	
42	3.75	3.20	5.90	4.55	4.10	
48	4.00	3.50	6.20	4.80	4.40	
54	4.20	3.65	6.50	5.00	4.55	
60	4.40	3.80	6.80	5.20	4.70	
72	4.80	4.20	7.40	5.60	5.00	
84	5.20	4.60	8.00	6.00	5.30	
96	5.60	5.00	8.60	6.40	5.60	
108	6.00	5.40	9.20	6.80	5.90	
120	6.40	5.80	9.80	7.20	6.20	
Additional months	.20	.20	.20	.20	.20	12

Note: Rates for schedule in months not listed above shall be the equivalent interpolation of the listed rates. The "initial indebtedness" shall mean the total of payments for the purpose of this regulation.

(4) Any request for a deviation from the rates established in the table in subsection (3) must be received in writing by the State Banking Department. Upon receipt the State Banking Department

shall submit such request for deviation to the Alabama State Insurance Department for review and approval. The person who has requested a deviation shall be informed, in writing, whether the requested deviation has been approved or denied.

(5) Credit Accident and Health Insurance (Disability) may be sold only to a debtor who is employed for at least a minimum of thirty (30) hours per week. A creditor may rely on the debtor's written certification of the number of hours the debtor is employed per week at the time the insurance is sold.

(6) Joint accident and health insurance coverage may be written on both the principal debtor and on one co-signer to the consumer credit contract provided that both principal debtor and co-signer are employed for at least a minimum of thirty (30) hours per week. The maximum rate for such coverage shall not exceed an amount equal to one hundred and eighty five percent (185%) of the premium rates shown above.

(7) Involuntary Unemployment Insurance: The premium charged for, and refund methods applicable to, involuntary unemployment insurance shall be in compliance with the rules, regulations and orders of the Alabama Department of Insurance. Such approved involuntary unemployment insurance may be offered as single or joint insurance coverage. Joint involuntary unemployment insurance coverage may be written on both the principal debtor and one cosigner, provided that both principal debtor and co-signer are employed for at least a minimum of thirty (30) hours per week. The maximum rate for such coverage shall not exceed an amount equal to one hundred and seventy five percent (175%) of the premium rates for single coverage.

(8) The consumer's written consent for the placing of dual-interest insurance may be obtained at the time of execution of the consumer credit contract or at the time of placement of such insurance.

(9) Personal Property Insurance.

a. Where single interest personal property coverage is written, such policies or certificates shall clearly state that such coverage protects the lender's interest only.

b. The premium charged for, and refund methods applicable to, any personal property insurance shall in compliance with the

rules, regulations or orders of the Commissioner of Insurance, State of Alabama.

c. Where the indebtedness is also secured by other collateral and such collateral is covered by an existing insurance policy in the form of a loss payable to the creditor, the amount of personal property insurance sold or provided by the creditor shall not exceed the difference between the insured value of such collateral and the total indebtedness. If such other collateral is an automobile or mobile home, the insured value shall be the retail value as determined by a nationally recognized pricing guide that states the retail and loan value.

d. In the event of total loss of insured personal property during the policy term on dual interest coverage, payment of the total original amount of insurance shall be made and the total premium may be considered earned. Settlement of claims shall be as of the date of loss.

e. A creditor may offer and sell to debtor on a voluntary basis dual interest insurance. The premium charge for voluntary personal property insurance shall be determined in compliance with rules, regulations or orders of the Alabama Department of Insurance.

(10) Automobile and Mobile Home Insurance.

a. Where single interest automobile or mobile home coverage is written, such policies or certificates shall clearly state that such coverage protects the lender's interest only. Limited or modified physical damage insurance is deemed to be single interest coverage for purposes of these regulations.

b. The premium charged for, and refund methods applicable to, any automobile or mobile home insurance shall be in compliance with the rules, regulations or orders of the Commissioner of Insurance, State of Alabama.

c. Single interest coverage is permitted only after the debtor has been notified in writing of the cancellation or lack of dual interest coverage. The debtor shall be afforded at least 15 days to procure a dual interest policy and if such policy is procured, any single interest coverage written by the creditor shall be flat canceled at that time. Single interest coverage may not exceed the retail value of the collateral or

the net payoff on the account, whichever is less, at the time of the insurance contract.

d. In the event of a total loss, no deductible shall be permitted on any form of single interest insurance coverage.

e. No insurance coverage shall be sold by a creditor unless the average recognized retail value (as determined by a nationally recognized pricing guide which states retail and loan value) of the automobile is four times greater than the annual insurance premium.

f. No supplementary coverage such as, but not limited to, rental reimbursement and contents coverage shall be required.

g. On loans where other collateral is used in addition to the automobile to be insured, no automobile insurance shall be sold by a creditor unless the recognized loan value (as determined by a nationally recognized pricing guide which states retail and loan value) is at least 30% of the amount financed.

h. No automobile insurance shall be sold by a creditor on any vehicle having a recognized retail value (as determined by a nationally recognized pricing guide which states the retail and loan value) of under \$300.00.

i. In the event insurance cannot be placed or is cancelled by the insurance company, the return premium shall be used to secure other comparable coverage and/or shall be credited to the next maturing installment(s) or may be credited to the final installment(s) along with the finance charge applicable to the return.

j. In the event a loss occurs that is insured under the provisions of this section, the creditor shall, immediately upon being notified by the debtor or otherwise, of such loss, promptly report such fact to the insurance company or its designated claim agent or representative, and shall exercise his best efforts to secure a just settlement without undue delay.

k. The date of total loss shall be used in computing refunds or unearned finance charges and insurance premiums if coverage

was written or financed by the creditor or the creditors affiliate.

(11) Non-filing Insurance. Non-filing insurance may be written in lieu of recording a security interest in the property given as security on a loan or credit sale. The cost of such insurance shall in no case exceed the amount required to actually file or record a security interest. Self-insurance against non-filing shall not be permitted.

(12) Other Insurance.

a. Any prior written permission or non-objection letters to offer and finance any insurance other than those specifically authorized by the Act shall expire upon final adoption of these regulations.

b. A creditor may offer and finance other insurances only under the following procedure: The creditor shall submit with its request to write other insurances to the Supervisor: (i) a description of the insurance product for which the permission is being sought, with copies of certificates, policies or benefit forms which will be furnished to customers; (ii) a statement of actions to be taken by the creditor to assure compliance with other applicable laws and regulations; and (iii) other information requested by the Supervisor or the Administrator. Only upon the written approval and pursuant to the conditions established by the Supervisor may the creditor offer and finance the approved insurance. Upon disapproval, the creditor may appeal the decision to the Administrator.

(13) Requirements for Offering Insurance Authorized by this Regulation. Any licensee offering insurance pursuant to this Regulation shall:

a. Provide written disclosure to the customer that (i) during the process of applying for a consumer credit contract the consumer may be solicited for one or more insurance products; and (ii) the purchase of any insurance product may not be a condition for a consumer credit contract approval or 18 for obtaining a consumer credit contract with the licensee except as permitted under Section 5-19-20.

b. Provide to each prospective insured a disclosure statement, signed by both the principal debtor and the cosigner if joint

insurance is to be purchased for that co-signer, along with the licensee's agent indicating the following:

i. The principal debtor's desire and if joint insurance is to be purchased, the insured cosigner's desire to purchase the insurance coverage(s) as described in the disclosure statement.

ii. The principal debtor and any covered co-signer fully understand that buying the insurance is not a condition of the loan. This disclosure shall be made in bold face print in the disclosure statement.

iii. The insured(s) may cancel the policy within thirty (30) days after the insurance is issued and receive a full refund of the insurance premium paid, by returning the insurance contract to the insurer or upon written instructions to the insurer from the insured.

iv. The insured(s) may cancel the insurance more than thirty (30) days after the insurance has been issued by giving notice of cancellation to the insurer, and on cancellation, shall receive a portion of the insurance premium paid as provided by regulations, rules and orders of the Alabama State Insurance Department.

c. Provide, at the consumer credit contract closing, the principal debtor with either the insurance contract purchased, or an easy to read and understand description for each insurance product requested for purchase. Such description shall be in compliance with the rules, regulations, and orders of the Alabama State Insurance Department.

Author: Scott Corscadden, Supervisor, Bureau of Loans

Statutory Authority: Code of Alabama 1975, §5-19-20, §5-19-21

History: Amended March 9, 1998; Amended June 1, 2018

155-2-2-.13 Refunds.

(1) When any debt is prepaid in full, renewed, or refinanced, all insurance provided by a creditor, either as seller, lessor, lender or assignee, (such as credit life, accident and health, involuntary unemployment insurance, single interest or modified single interest auto and property) shall be canceled as of the

date of prepayment, renewal or refinancing with such termination to be without prejudice to any claim. Refund of unearned premiums, except the premium for credit life insurance which shall be deemed fully earned as of the date of death, shall be made at that time by the creditor to whom payments are made and shall be in accordance with the refund regulations as determined by the Commissioner of Insurance for the State of Alabama.

(2) No refund of less than \$1.00 need be made on any single insurance coverage.

Author: Scott Corscadden, General Counsel

Statutory Authority: Code of Alabama 1975, §5-19-4, §5-19-20, §5-19-21

History: Effective October 1, 1997

155-2-2-.14 Examination Fees.

Author: Scott Corscadden, Supervisor, Bureau of Loans

Statutory Authority: Code of Alabama 1975, §5-19-21, §5-19-24, §5-2A-24

History: Effective October 1, 1997; Repealed January 1, 2020

155-2-2-.15 Refinancing.

(1) If more than one existing pre-computed consumer credit transaction contract will be consolidated, the annual percentage rate for the newly consolidated pre-computed consumer credit transaction contract shall not exceed the lowest annual percentage rate of any prior existing pre-computed consumer credit transaction contract or contracts to be consolidated. Where an existing pre-computed consumer credit transaction contract of less than two thousand dollars (\$2,000) is consolidated or refinanced with a subsequent pre-computed consumer credit transaction contract, such that the amount financed exceeds two thousand dollars (\$2,000), the restriction contained in Section 5-19-17(c) is still applicable.

(2) The determination or measurement of the annual percentage rate shall be at the time of the consummation of the pre-computed consumer credit transaction in question, without regard to actual timing and receipt of payments.

(3) The fee for filing an application for certificate of title, as well as any statutorily authorized fee charged by a designated agent of the Department of Revenue, may be charged in connection

with the consolidation or refinancing of any existing pre-computed consumer credit transaction contract, and shall not be considered a duplicate fee or expense under Section 5-19-17(c).

(4) The interest surcharge permitted by Section 8-8-14(a) may be assessed in a subsequent pre-computed consumer credit transaction contract, notwithstanding its assessment on a prior existing pre-computed consumer credit transaction contract; and, such interest surcharge is not considered a duplicate fee or expense under Section 5-19-17(c).

(5) Points permitted by Section 5-19-4(g) are considered a duplicate fee or expense for purposes of Section 5-19-17(c) and may not be assessed in a subsequent pre-computed consumer credit transaction contract.

Author: Scott Corscadden, General Counsel

Statutory Authority: Code of Alabama 1975, §5-19-17, §5-19-21

History: Effective October 1, 1997

155-2-2-.16 Annual Report.

(1) In addition to the records required elsewhere in the Alabama Consumer Credit Act and Regulations, each licensee shall, on or before the first day of May of each year, submit to the Superintendent of Banks a report covering its activities under the Alabama Consumer Credit Act. Such report shall be on forms furnished by the Banking Department and shall be submitted to the State Banking Department, Montgomery, Alabama 36130.

(2) Failure to file an annual report by the first day of May of each year shall result in a \$500 fine.

(3) Failure to file an accurate annual report by the first day of May of each year may result in an additional \$500 fine.

Author: Scott Corscadden, General Counsel

Statutory Authority: Code of Alabama 1975, §5-19-21, §5-19-24

History: Effective October 1, 1997

155-2-2-.17 **Minimum Loan Term.**

(1) The minimum term for repayment in all consumer credit transactions is thirty days for any credit transaction with an original amount financed that is less than two thousand dollars (\$2,000).

Author: V. Lynne Windham, Associate Counsel

Statutory Authority: Code of Alabama 1975, Sections 5-19-3 and 5-19-21

History: Effective August 1, 2002

155-2-2-.18 **Mortgage Loan Modification.**

(1) Any person engaged in the business of providing consumer mortgage loan modification services for loans secured by residential real property located in the State of Alabama, for compensation, is required to be licensed under Chapter 19 or Chapter 25 of Title 5 of the Code of Alabama unless otherwise exempt from licensing under Chapter 19 and Chapter 25, as applicable. Any consumer mortgage loan modification service provider licensed under the Mortgage Brokers Licensing Act or Alabama Consumer Credit Act is allowed to charge and collect a fee of not more than \$500.00 for consumer mortgage loan modification services. No part of this fee may be paid to the mortgagee or person related to the mortgagee. No fee charged by a loan modification service provider greater than \$500.00 is permitted or considered bona fide and reasonable under Section 5-19-4(f). Attorneys acting in the capacity of attorney for the borrower and not attorney for the mortgage loan modification Service provider are not subject to this regulation. Mortgagees on loans that are being modified are not engaged in the business of providing consumer mortgage loan modification services under this regulation.

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Statutory Authority: Code of Alabama 1975, Sections 5-19-4(f) (6), 5-19-21(b) (1) and 5-25-13(b) (1)

History: Adopted July 6, 2009