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

**CHAPTER 155-2-2**
**ALABAMA CONSUMER CREDIT ACT REGULATIONS**

**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.

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**Statutory Authority:** Code of Alabama 1975, §5-19-3, §5-19-21
**History:** Effective October 1, 1997