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ABSTRACT  
 The resource unit was prepared to provide examples of business education activities that emphasize economic concepts concerning consumer credit and to supply information pertaining to the Oklahoma Uniform Consumer Credit Code. It is suggested for use in the following courses: general business, business law, business economics, bookkeeping, business math, and other related business subjects. The first part of the document presents (in chart form) economic ideas with explanations, learning activities, and resources. Some of the resources are appended. More than one-half of the document consists of appended material including: transparency masters (some with scripts), case studies, articles, a copy of Oklahoma Senate Bill No. 587 (dealing with credit cards), a test on buyer's rights, Western District of Oklahoma court statistics on bankruptcy cases, and suggestions for bulletin board displays.  
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ED118874

A DEVELOPMENTAL RESOURCE UNIT  
FOR BUSINESS EDUCATION  
OKLAHOMA CITY PUBLIC SCHOOL SYSTEM

CE 006420

U.S. DEPARTMENT OF HEALTH,  
EDUCATION & WELFARE  
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## PREFACE

"There is a world of economics and you are as much a part of it as you are a part of the world of nature." (Economics in Action, by James Calderwood and George Ferish. New York: The MacMillan Company, 1968, p. 2).

In our market economy, most consumers will at some time resort to the use of credit to supplement their buying power.

This developmental resource unit has been prepared (1) to give the teacher examples of business education activities that emphasize economic concepts concerning consumer credit; and, (2) to supply the teacher with current information pertaining to the Oklahoma Uniform Consumer Credit Code.

The information concerning consumer credit protection offered by the Uniform Consumer Credit Code is not currently found in business education textbooks.

The unit is suggested for use in General Business, Business Law, Business Economics, Bookkeeping, Business Math, and other related business subjects.

All suggested reference material is easily obtainable, and current materials can be added by the teacher in the future.

1970 DEEP Business Education  
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A TEACHER RESOURCE UNIT ON CONSUMER CREDIT

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
<p>THE CONSUMER IS KING.</p>	<p>In a market economy, the consumer is the influential key that determines what goods and services are produced by business and regulated by government.</p>	<p>As an introductory activity, the students will watch the film, "The Littlest Giant". This film contributes to an understanding of the American economic system and teaches youngsters how to be wise consumers.</p>	<p>Film: "The Littlest Giant" 16 mm, sound color, 14 min., made by the Nat'l Consumer Finance Assoc., can be ordered from the School Media Service Center, Okla. City Public Schools.</p>
<p>ST</p>	<p>The spending of dollar votes by many consumers indicates approval of a product and keeps it on the market as long as enough dollar votes are cast.</p>	<p>The students will answer the question: Can you as one individual influence what is offered in the market place?</p> <p>The following activity is to show how each individual affects production, style, and cost of goods produced. The consumer does this by casting an economic vote in the market place for a specific product.</p>	

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
		<p>Divide the class into groups of three to five students. Each group will make a choice of the automobile they would purchase from the following list:</p> <p style="padding-left: 40px;">Chevrolet Dodge Ford Plymouth Pontiac Buick</p> <p>(Others can be added)</p> <p>The results of the decision should be tabulated and listed on the chalkboard or overhead projector.</p> <p>The students will answer the questions:</p> <p>1. What economic decisions might be made by the automobile manufacturers on the basis of the consumer votes that were cast for <u>each</u> automobile?</p>	

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		<p><u>Possible Answers:</u></p> <p>a. The manufacturer of the car or cars receiving the most votes would increase production and employment and decrease costs and prices.</p> <p>b. The consumer votes would influence the style and design of the other cars in order for these companies to compete in the automobile market.</p> <p>c. Manufacturers of the cars receiving few or no votes would probably decrease production, decrease employment, increase prices as a result of higher costs, and possibly withdraw from the automobile market.</p> <p>2. Why did you select that particular car?</p> <p><u>Possible answers:</u></p> <p>a. Well-known company</p> <p>b. Influence of advertising</p> <p>c. "Keeping up with the Joneses" (status)</p>	

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
<p>In a market economy, the consumers of the goods and services guide the producers in supplying goods and services to satisfy consumer wants.</p>	<p>Wants are never-ending. As soon as one want is satisfied, another is created.</p>	<p>symbol and social pressures)  d. (Other responses)</p> <p>3. What products have you seen enter and leave the market as a reaction to consumer demand?</p> <p>Possible answers:  a. Hula Hoops  b. Daniel Boone Coon-skin caps  c. Edsel  d. (Fads of the moment)</p> <p>4. Would you like to own a car? Why?</p> <p>Possible answers:  a. To drive to work  b. To drive to school  c. To go to a movie  d. To do my shopping  e. (Other responses)</p> <p>(The responses can be classified under business and social needs)</p> <p>5. What would you, as a car owner, want now that you did not want before you owned a car?</p>	



Economic Idea	Explanation of Economic Plan	Learning Activities	Resource
<p>To meet these wants a consumer may at times turn to the use of credit to supplement his buying power.</p>	<p>To satisfy the greatest number of wants and to get the highest possible level of living from one's income, an individual must be competent in allocating his income wisely.</p> <p>(Interdependence may be discussed at this point, if the teacher wishes).</p>	<p><u>Possible answers:</u></p> <ol style="list-style-type: none"> <li>a. Tags</li> <li>b. Stick shift</li> <li>c. Tires</li> <li>d. Gasoline and oil</li> <li>e. Job to pay for car expense.</li> <li>f. Car insurance</li> <li>g. Drivers license</li> <li>h. Other responses</li> </ol> <p>6. How are you going to pay for all of these things out of your income?</p> <p>The students will answer these questions:</p> <ol style="list-style-type: none"> <li>1. Have you ever bought anything on credit?</li> <li>2. What did you buy?</li> <li>3. What were the terms?</li> </ol> <p>Suggested topics for student debates:</p> <ol style="list-style-type: none"> <li>1. Should teen-age credit be abolished?</li> <li>2. Or should teenagers have their own charge accounts?</li> </ol>	

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
<p>The role of credit in a free enterprise system is a tool with which we can immediately satisfy our wants.</p> <p>Credit performs functions similar to those of money and makes it possible for business to continue production and the consumer to continue spending.</p>	<p>Aladdin's Lamp Concept of Credit  <u>Credit, like Aladdin's lamp, is a mechanism by which we can immediately satisfy our wants. With the use of credit, a wish can be fulfilled today as quickly as in the day of Aladdin. The consumer may forget that in the end he must pay for whatever he buys out of his future weekly or monthly paycheck, thereby decreasing his future spending potential.</u></p> <p>Credit comes so easily that the consumer's desire to satisfy his wants sometimes exceeds his ability to pay.</p> <p><u>Remember, Genie can give; but Genie can't pay...but our laws can take away.</u></p>	<p>The students will bring to class clippings from newspapers, magazines, advertisements, or sample letters from bulk mailings, which urge people to buy on credit or borrow money. Post these on the bulletin board.</p> <p>The students will react to the following question.</p> <p>What would happen if, beginning tomorrow, all stores required that all purchases be made with cash?</p> <p>Points to emphasize:</p> <ol style="list-style-type: none"> <li>The reasons for having credit</li> <li>The advantages and disadvantages of credit buying</li> </ol> <p>Students should conclude that credit provides them with immediate purchasing power by means of a promise to pay at a future date.</p>	<p>Wall Posters #47; Educational Service Division, National Finance Assoc. 1000 16th St. N.W., Washington, D.C.</p> <p>Scriptographic Study Unit, "Consumer Credit and You," Channing L. Bete, Co., Greenfield, Mass. 01301</p>

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
<p>In our society, the CREDIT CARD is being accepted as a medium of exchange.</p> <p>Easy spending and over-spending encouraged by the use of the credit card may lessen the economic security of the people in a free enterprise system</p>	<p>In the future, a nationwide credit system in which a single plastic card replaces checks and cash could become a fact. This would lead to a CHECKLESS-CASHLESS society. Bankers refer to this as a "less check, less cash society."</p> <p>There are three basic forms of credit cards:</p> <ol style="list-style-type: none"> <li>1. Travel and Entertainment</li> <li>2. Bank Cards</li> <li>3. Charge cards of retail stores</li> </ol> <p>The unwise use of credit cards is cited as a contributing factor in many of the consumer bankruptcies that were filed in the U.S. Courts last year.</p>	<p>Students will watch the film, "Impulse 90". This film shows how a CHECKLESS-CASHLESS society could work.</p> <p>The students will list all the credit cards they can think of and classify them according to the three basic forms. They will compare the lists with the chart "A Quarter Billion Cards".</p> <p>EVALUATION: Divide the class into two groups. One group will make a list of what they consider to be the advantages of using credit cards. They will describe specific occasions when the use of a credit card has been (or might be) advantageous to them. The other group will use a similar procedure in pointing out the possible disadvantages.</p>	<p>Film: "Impulse 90", 25 min., clr. Distributed by Modern Talking Picture Service, Inc., 1411 Slocum St., Dallas, Tex.</p> <p>See Appendix D for excerpts from magazine articles that provide additional information on credit cards</p> <p>See Appendix A for the chart "A Quarter Billion Cards."</p>

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
	<p>Oklahoma Law and the Credit Card: Senate Bill No. 587, relating to misuse of credit cards was signed into law on April 22, 1970. This bill defines the offenses and sets the punishments for unauthorized use of credit cards in the State of Oklahoma.</p> <p>Offenses covered by the law include.</p> <ol style="list-style-type: none"> <li>1. Theft</li> <li>2. Obtaining by fraud</li> <li>3. Finding &amp; illegally using</li> <li>4. Selling</li> <li>5. Purchasing</li> <li>6. Taking as security for a debt</li> <li>7. Forgery</li> <li>8. Using card that has been revoked</li> </ol> <p>The violations are deemed felonies and the punishment may be:</p> <ol style="list-style-type: none"> <li>1. A fine of not more than \$3,000 or</li> <li>2. Imprisonment in the penitentiary for not more than seven (7) years.</li> </ol>	<p>The students will find references in the Readers Guide to <u>Periodical Literature concerning the credit card</u> or the cashless society. Each student will read one or more articles and summarize the contents briefly. The summary may be in the form of an outline, a graph, a statistical table, or a paragraph.</p> <p>Invite the manager of a major oil company to tell the students about company problems with lost or stolen credit cards; OR, Invite one of the legislators listed as sponsors of Senate Bill #587 to explain to the class why this bill was introduced and passed.</p>	<p>See Appendix B for a copy of Oklahoma Senate Bill #587.</p> <p>Local oil companies are Karr-McGee, Apco, and Sohio Oil Co.</p> <p>See Appendix B for a copy of Oklahoma Senate Bill #587.</p>

Economic Idea

Explanation of Economic Idea

The Price of Credit  
You (The consumer who is King) borrow money, but you BUY credit. Credit is paid for in the form of interest, or the amount charged for the use of another person's money. So, if credit is bought, why not shop for it as you would a car, TV, or stereo?

Learning Activities

The students will select a product which is priced between \$5 and \$25 and find three advertisements for this product in newspapers, magazines, or catalogs. Each student will write a short report telling why he selected for purchase this particular article. The student, as a consumer, will pay cash for this purchase.

See Appendix A for credit applications. These can be used to make student copies & transparency masters.

See Appendix A for form for solving the problem. The form can be used to make student copies & transparency masters.

The student will select another product priced at \$50. A revolving charge account will be used to purchase this article. Give the students the following instructions: Fill out a card application. Assume that you will pay the debt back at the rate of \$10 per month. Use the maximum interest rate allowed by Oklahoma law (1½% per month on the unpaid balance). Use the form supplied to compute the total amount of interest paid and the total amount

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<p>The responsibility of the consumer is to use his credit intelligently.</p> <p>The consumer's standard of living depends upon his real income. NOTE: Real income is the amount of goods &amp; services that can be bought with the money earned. (See Gregg textbook, pg. 65, &amp; SouthWestern textbook, pg. 114).</p>	<p>Some realistic economic guidelines that stress the responsibility of the consumer must be emphasized along with the Aladdin's Lamp concept.</p> <p>The consumer must allocate his money income in the most efficient manner possible.</p> <ol style="list-style-type: none"> <li>1. Find the best price possible on the product to be bought.</li> <li>2. Shop for credit. Find the source that best meets your needs at the lowest cost.</li> <li>3. Take on no more debt than you can safely carry.</li> <li>4. Pay the debt as agreed. Don't hide behind bankruptcy.</li> </ol>	<p>of cash paid on the credit purchase. Compare this information with the original price of the merchandise.</p> <p>The students will watch one or more of the following recommended films or filmstrips.</p> <p>The film, "Credit", illustrates how credit operates in its important role of stimulating business. It is the story of teenagers who set up a part-time photo business.</p> <p>Two filmstrips, "Our Credit Economy", explore the following questions: Why the credit boom in America? Who are the</p>	<p>See Appendix A for solution to problem.</p> <p>Film: "Credit" by Dun &amp; Bradstreet, 14 min., clr., on free loan from Modern Talking Picture Service Inc., 1621 Dragon St., Dallas, Tex.</p> <p>Two filmstrips: "Our Credit Economy," by Guidance</p>

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
		<p>chief users of credit? Is buying on credit good for the individual? For the society?</p> <p>The film, "Till Debt do us Part", is the story of a family with financial problems. It can be used to point out a way to save money and borrow wisely at the same time.</p> <p>The film, "Personal Money Management" is a story of a family with typical financial difficulties and it illustrates how they solved their money problems.</p> <p>The films, "Personal Financial Planning" and "Wise Use of Credit" instruct youngsters</p>	<p>Associates, can be ordered through the Business Education Consultant</p> <p>Film: "Till Debt do us Part" by Cuna International, Inc., 15 min., clr., on free loan basis (user pays postage both ways), from Modern Talking Picture Service, 1621 Dragon St., Dallas, Tex.</p> <p>Film: "Personal Money Management", by American Bankers Assoc., 13 min., clr., on free loan from Modern Talking Picture Service, 1621 Dragon St., Dallas, Tex.</p> <p>Films: "Personal Financial Planning" and "Wise Use of Credit"</p>



Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
	<p>One of the most effective ways to explain the importance of shopping for credit is to compare the cost of credit from the various credit sources.</p> <p>Financial institutions, such as banks, savings and loan companies, credit unions, and consumer finance companies, perform a specialized role in making other people's savings available for lending to those who need it.</p>	<p>on how to budget wisely and acquaint them with the principles of consumer credit. These companion films are sent together with accompanying study guides.</p> <p>Sample problems have been prepared showing the exact cost of borrowing one hundred and fifty dollars (\$150) for a period of ten (10) months.</p> <p>For comparison of the cost of borrowing, the following sources of credit were used:</p> <ol style="list-style-type: none"> <li>1. Revolving Charge (those types found at retail stores)</li> <li>2. Banks (borrowing for a set period of time)</li> <li>3. Instalment Plan (usually from a finance company)</li> <li>4. Credit Union</li> </ol>	<p>by National Consumer Finance Assoc., 22 min., clr., Modern Talking Picture Service, 1621 Dragon St., Dallas, Texas, on free loan</p>



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	<p>True interest rate is determined through use of the following formula:</p> $R = \frac{2 \times M \times I}{P \times (N+1)}$ <p>R = annual rate in "true" interest  M = total payment periods during a year  I = quoted interest charge, in dollars  P = original amount borrowed or purchase price (Principal less down payment)  N = total number of equal payments made</p>	<p>Show the students the transparencies of the sample problems and their solutions. The students will discuss the differences in the cost of credit and analyze the reasons for the differences.</p> <p>EVALUATION:  The students will solve the following problems:  1. You decide to buy a used car. The cost of the car is \$1500 cash or \$250 down and 12 monthly instalments of \$112.50. If you choose to use the instalment arrangement: Will the total cost be more than the cash price? How much more? What is the annual interest rate charged by the used car dealer? (Annual interest rate is 13.6%; total cost of credit is \$100. If the money had been borrowed from the bank at 6% discounted in advance, the total credit cost would have been \$75.)</p>	<p>See Appendix B for transcripts showing how much each of the four types of loans would cost.</p>

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<p>An important role of government in a free enterprise system is to protect the consumer through regulation of certain business practices while encouraging <u>the desirable results of competition in the market.</u></p>	<p>The Uniform Consumer Credit Code (UCCC) was drafted by the National Conference of Commissioners on Uniform State Laws and recommended for adoption in all the states. The State of Oklahoma adopted the UCCC (House Bill 1001) and is the <u>first state</u> so doing to receive an exemption under the Federal Consumer Credit Protection Act. (Truth in Lending).</p> <p>The underlying purposes and policies of the Oklahoma statute are:</p>	<p>2. Compute the annual interest rate on the purchase of a stereo record player that is sold for \$165 with a down payment of \$15 and instalment payments of \$10 a month for 15 months, "no charge being made for the easy terms." A person paying cash could obtain the stereo for \$150. (Remember, regardless of the number of months involved, the average for one year is determined on the basis of 12 months). (Answer is 15%).</p> <p>Distribute to the students copies of Part I, Case Studies A &amp; B concerning Buyer's Rights. These cases are taken directly from the files of the Department of Consumer Affairs, State of Oklahoma.</p> <p>Divide the students into groups of three to five. Some of them will read Case Study A and some of them will read Case Study B. Each</p>	<p>See Appendix B for Part I of Case Studies A &amp; B.</p>

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
	<p>"to simplify, clarify and modernize the law governing retail instalment sales, consumer credit, small loans and usury; to provide rate ceilings to assure an adequate supply of credit to consumers; to further consumer understanding of the terms of credit transactions and to foster competition among suppliers of consumer credit so that consumers may obtain credit at a reasonable cost; to protect consumer buyers, lessees, and borrowers against unfair practices by some suppliers of consumer credit, having due regard for the interests of legitimate and scrupulous creditors; to permit and encourage the development of fair and economically sound consumer credit practices; to conform the regulation of consumer credit transactions to the policies of the Federal Consumer Credit Protection Act (Truth in Lending); and, to make uniform the law including administrative rules among the various jurisdictions."</p>	<p>Case A group will report on the following questions:</p> <ol style="list-style-type: none"> <li>1. Have you heard of similar cases? What are they?</li> <li>2. Why do you think Mr. and Mrs. A signed the contract for membership in the Buyer's Club?</li> <li>3. What do you think happened to Mr. and Mrs. A as a result of signing the contract?</li> <li>4. If you were in their position, what would you do?</li> </ol> <p><b>** NOTE TO TEACHER: (Do not go into legal solutions at this time).</b></p> <p>Each case B group will report on the following questions:</p> <ol style="list-style-type: none"> <li>1. Have you heard of similar cases? What are they?</li> <li>2. Do you think the salesman was doing Mrs. B a favor when he agreed to accept \$150 now and \$50 at a time later as her down payment?</li> </ol>	

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	<p>Quotation from Richard M. Nixon to the 91st Congress, October 30, 1969.</p> <p>"Consumerism in the America of the 70's means that we have adopted the concept of buyer's rights."</p>	<p>3. Why do you think Mrs. B signed the contract?  4. How do you think Mrs. B's problem was re-solved?  5. What would you do if you were in a similar situation?  **NOTE TO TEACHER: (Do not go into legal solutions at this time).</p> <p>The students will watch the film, "There Ought to be a Law". This film explains legislation that has been enacted in answer to a strong consumer need.</p>	<p>Film: "There Ought to Be a Law", 16mm clr., narrated by Chet Huntley, featuring Okla. Consumer Credit Code by Richard L. Wheatley, Jr. Senator Bryce Baggett and Rep. Norman Smith are in the film also.</p>

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
	<p>"I believe that the buyer in America today has the right to make an intelligent choice among products and services.</p> <p>"The buyer has the right to accurate information on which to make his free choice.</p> <p>"The buyer has the right to expect that his health and safety is taken into account by those who seek his patronage.</p> <p>"The buyer has the right to register his dissatisfaction and have his complaint heard and weighed, when his interests are served badly.</p> <p>"This Buyer's Bill of Rights will help provide greater freedom for individuals as well as better business for everyone engaged in trade."</p>	<p>Show Filmstrip: "Truth in Lending" to explain the law.</p> <p>Give students a copy of the booklet, "Truth in Lending."</p>	<p>Film: "Truth in Lending" can be borrowed from Bus. Ed. Consultant</p> <p>Booklet: "Truth in Lending". To order free copies (class-size lots) write to the Fed. Reserve Bank of Philadelphia, Public Information Dept.</p>

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
<p>Local and state governments assume responsibility for protecting consumers in situations that do not fall within the jurisdiction of the federal government.</p> <p>The principle that an essential economic function of government is to find and effect the consumer's interests makes it possible for individuals to produce a larger national flow of real income.</p>	<p>The Oklahoma law (HB 1001), the Uniform Consumer Credit Code, regulates business practices in areas where the Federal Consumer Credit Protection Act (CCPA) is silent.</p> <p>The buyer's rights, protected by the Uniform Consumer Credit Code (UCCC), State of Oklahoma, are:</p> <ol style="list-style-type: none"> <li>1. The <u>right to prepay</u> loans early.</li> <li>2. The <u>freedom from excessive financial charges</u>.</li> <li>3. The <u>right to full disclosure of terms of agreement</u>.</li> <li>4. The <u>right to rescind certain agreements within three (3) days</u>.</li> <li>5. The <u>right to be notified of contract assignment to another firm</u>.</li> <li>6. The <u>freedom from the double penalty of both repossession and recovery of amount due</u>.</li> </ol>	<p>Give each student a copy of the pamphlet, "You the Consumer and the New Credit Laws."</p> <p>The students will participate in a discussion of the Oklahoma Uniform Consumer Credit Code.</p>	<p>See Appendix C for pamphlet: by Dorothy Blackwell, "You and the New Credit Laws", <u>Family Living Topics</u>, published by Okla. State Univ., and distributed by County Extension Centers.</p> <p>See Appendix C for the Dept. of Consumer Affairs' presentation (script and transparency masters) on "You and the New Credit Law."</p>

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
	<p>7. The freedom from garnishment of <u>total</u> wages or any part thereof without court permission.</p> <p>8. The <u>right</u> to borrow money <u>without</u> having to pay excessive interest or being subjected to threats from collectors.</p> <p>9. The <u>right</u> to refinance balloon payments at no less favorable rate of interest.</p> <p>10. The <u>right</u> to truthful advertising of finance charges.</p>	<p>Invite Kenneth Nance, a lawyer and state representative to discuss the political and economic activities surrounding the passage of the Code. (He served on the state committee of congressmen who prepared the UCCC).</p> <p>Invite a speaker on buyer's rights or on the services of the Department of Consumer Affairs.</p>	<p>Kenneth R. Nance, phone number 631-2371</p> <p>Contact Burton R. Brown, Director of Education, Dept. of Consumer Affairs, Oklahoma City, Oklahoma phone 521-3653</p>

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
		<p>Invite a speaker from the Better Business Bureau to talk about sales practices involving credit, an overview of unethical business practices of which the consumer should be aware and what are considered honest business practices.</p> <p>Use the groups previously established to study the case studies. The groups will restudy the cases. The students will identify violations of the Uniform Consumer Credit Code and discuss procedures which protect the rights of credit buyers. Distribute the real solutions to the case studies for comparison.</p> <p><b>EVALUATION:</b> The students will prepare summaries of the cases:</p> <ol style="list-style-type: none"> <li>a. stating the facts briefly;</li> <li>b. identifying violations of the UCCC, and,</li> <li>c. listing rights of the buyer under the UCCC.</li> </ol>	<p>Better Business Bureau, Leonhart Building, 228 Robt. S. Kerr Ave. phone 235-5581</p> <p>See Appendix B for Part II of Case Studies A and B from the Department of Consumer Affairs.</p> <p>See Appendix C for sample copy of a Conditional Sales Contract.</p>



Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
		<p>EVALUATION:            Test on buyer's rights.</p> <p>Show the film, "How to Buy A Used Car". The film tells the story of a father and son discussing guidelines for the purchase of a used car.</p> <p>Invite a car salesman to talk with the class on "The Teenager Buys a Car" or "How to Buy a Used Car". The class will prepare for the visit by discussing what they would like to know about buying a car. Their questions might focus on the Conditional Sales Contract and the legality of such a contract with a minor. They might want to know about guarantees, accessories, repair and maintenance, or pointers by which to judge</p>	<p>See Appendix C for test.</p> <p>Film: "How to Buy a Used Car", 30 min., cl. distributed by Ford Motor Co., Film Library, Dearborn, Michigan.            Pay return postage.</p> <p>Resource speaker: Jack Clark, President of Jack Clark Motor Co., phone: 235-1461</p>



Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
		<p>body condition or general performance. A student committee will be formed to outline areas they would like the salesman to discuss in his talk and to formulate questions for him to answer during his presentation.</p> <p>Invite a credit manager from a bank, a savings and loan company, a consumer finance company or a credit union to discuss proper guidelines for financing an automobile loan.</p> <p>EVALUATION:  The student will write a report on the purchase of an imaginary automobile. As an example, the student will use a car price quotation from cars seen on used car lots or viewed on TV commercials. The report should include the following information as a minimal requirement.</p> <ol style="list-style-type: none"> <li>1. How and why did you select this car?</li> <li>2. What is the quoted price of the car?</li> </ol>	<p>See the Okla. City Public Schools Directory of <u>Volunteers, Economic Resources,</u> for speaker contacts.</p>

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Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
		<p>3. What kind of financial institution did you select to apply to for credit? Why?</p> <p>4. What are the terms of the conditional sales contract?</p> <p>5. What is the schedule of car payments?</p> <p>6. What is the total amount paid for the car?</p> <p>7. What is the cost of the loan?</p> <p>8. What is the annual percentage rate paid?</p> <p>9. What is the finance charge?</p> <p>10. What is the charge for insurance? What coverage would you purchase?</p> <p>11. What are the key tools a consumer should use when shopping for credit?</p>	

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
<p>The businessman's willingness to extend credit depends upon the prospect of sufficient profit to compensate him for foregoing the use of his funds in some other endeavor.</p>	<p>The Double-Edged Sword  Today's consumer lives in a debt age. Being in debt is no longer frowned upon. Borrowing is acceptable, pleasant, and easy -- perhaps too easy. Because of this, credit can be compared to a double-edged sword which can save or destroy.</p>	<p>Distribute copies of the booklet, "Two Faces of Debt" to the students.</p> <p>The students will bring newspaper or magazine articles concerning bankruptcy.</p> <p>The students will write a story about the consequences of families going deeply into debt, and illustrate the story with cartoons or with pictures cut from magazines.</p>	<p>Booklet: "Two Faces of Debt" distributed by the Research Department, Federal Reserve Bank of Chicago Box 834, Chicago, Illinois, 60690 free of charge.</p>
<p>The willingness of the credit buyer to use credit depends upon the relationship between need for goods and services and cost of credit.</p>	<p>Credit enables the consumer to acquire today's possessions with tomorrow's income. Wise use of credit can enable the consumer to make immediate acquisitions on a pay-as-you-go basis and still save for future needs. A good credit rating is advantageous when unforeseen emergencies arise and the ability to purchase is needed.</p>	<p>Some of the students will present their projects to the class and lead a discussion on the pitfalls of credit.</p>	<p>See Appendix E for letterhead notation from U.S. District Court on total bankruptcy cases filed in the Western District of Oklahoma for 1969 and 1970.</p>

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
<p>The cost of all bankruptcies is absorbed by all consumers.</p> <p>Reasoned judgment and honesty are human characteristics which should prevail in the use of credit so that minimum moral responsibility may exist in a free enterprise society.</p>	<p>But there are people who cannot use credit wisely. These people become victims of credit abuse rather than masters of credit use. Unwise use of credit may lead to excessive consumer debt and personal bankruptcy. Easy credit may lead consumers to buy more than they would if they had to pay by cash or check because the traditional caution signals, such as empty purse or low check-book balance are eliminated. Consumers should become aware of the pitfalls in the careless use of credit.</p>	<p><u>Suggested points to identify as pitfalls:</u></p> <ol style="list-style-type: none"> <li>1. The lure of easy credit -- particularly the "nothing down", "only a few cents a week" enticement of some irresponsible retail merchants.</li> <li>2. Using credit when the individual already has committed himself to more periodic payments than he can make from his regular income.</li> <li>3. Making purchases that are recognizably extravagant simply because they can be paid for "on time".</li> <li>4. Jeopardizing the future economic security of the family by undertaking such heavy credit commitments that nothing is left of income to provide for savings, insurance, etc.</li> <li>5. Failure to obtain full information in advance about the cost of credit and other provisions of the loan contract.</li> </ol>	<p>See Appendix E for copy of article, "Helping People Help Themselves", by Bob Rollins, Oklahoma Consumer Finance Association, Inc.</p>

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
<p>Consumer credit should be used to promote the welfare of the individual American family and upgrade the economy of the nation.</p>		<p>The students will participate in a class discussion to emphasize the efficient use of credit. They will identify the advantages of credit, such as:</p> <ol style="list-style-type: none"> <li>1. The ability to make advantageous purchases by availing themselves of sales and other timely bargains.</li> <li>2. The protection of economic security by using credit instead of borrowing on insurance policies or depleting savings.</li> <li>3. The preservation of personal dignity by avoiding borrowing from relatives or friends.</li> <li>4. The development of habits of thrift as a result of the orderly repayment of credit obligations. A debt repayment is a form of budgeting, a discipline to save and an incentive to save.</li> </ol>	

Economic Idea	Explanation of Economic Idea	Learning Activities	Resource
		<p>5. The ability to purchase goods which have the capacity to earn and/or save money for the family. (The car which is used for business or the household appliance which eliminates the need for servants, etc.)</p> <p>EVALUATION: The student will prepare a written statement, summarizing the advantages and disadvantages of credit. The report could be labeled "Consumer Credit -- Friend or Foe".</p>	

## APPENDIX A

It is suggested that the following forms be converted into transparencies:

1. Blank application form
2. Completed application form
3. Form for problem to calculate interest
4. Solution to problem of calculating interest
5. Chart: "A Quarter Billion Cards", Changing Times, The Kiplinger Magazine, (March, 1970), p. 9.



ROGERS CAR COMPANY

APPLICATION FOR CHARGE ACCOUNT

MR. _____ MRS. _____ MISS _____			
FIRST NAME (PLEASE PRINT)	INITIAL	LAST NAME	
RESIDENCE STREET	CITY	STATE	
BUSINESS CONNECTION	POSITION		
BUSINESS ADDRESS	CITY	STATE	
PLEASE GIVE THREE STORE OR PERSONAL REFERENCES			
NAME OF BANK		ADDRESS OR BRANCH	REGULAR CHECKING SPECIAL CHECKING SAVINGS
OTHERS AUTHORIZED TO PURCHASE ON ACCOUNT			
PLEASE CHECK THE TYPE OF CHARGE ACCOUNT DESIRED		SIGNATURE	
REGULAR 30 DAY ACCT. _____		SPECIAL 3-PAYMENT ACCT. _____	

PLEASE TEAR ON PERFORATION AND ENCLOSE IN ENVELOPE

ROGERS CAR COMPANY

APPLICATION FOR CHARGE ACCOUNT

MR. <input checked="" type="checkbox"/>	FIRST NAME (PLEASE PRINT)	INITIAL	LAST NAME
MRS. <input type="checkbox"/>	RICHARD	C	LANG
RESIDENCE STREET		CITY	STATE
3100 Q STREET, N.W.		WASHINGTON,	D.C.
BUSINESS CONNECTION		POSITION	
HELM STATIONERY COMPANY		SALESMAN	
BUSINESS ADDRESS		CITY	STATE
1406 F STREET, N.W.		WASHINGTON,	D.C.
PLEASE GIVE THREE STORE OR PERSONAL REFERENCES			
JOHN MURPHY, 3512 ALTON STREET, N.W., WERTHEIMER'S DEPARTMENT STORE,			
LANE SPECIALTY STORE			
NAME OF BANK			
NATIONAL MECHANICS BANK			
ADDRESS OR BRANCH			
BROADWAY & F STREET, WASH. D.C.			
OTHERS AUTHORIZED TO PURCHASE ON ACCOUNT			
BY WIFE, CORA LANG			
PLEASE CHECK THE TYPE OF CHARGE ACCOUNT DESIRED			
<input checked="" type="checkbox"/> REGULAR 30 DAY ACCT. <input type="checkbox"/> SPECIAL 3-PAYMENT ACCT. <input checked="" type="checkbox"/> REGULAR CHECKING <input type="checkbox"/> SPECIAL CHECKING <input type="checkbox"/> SAVINGS			
SIGNATURE			
			<i>Richard C. Lang</i>

PLEASE TEAR ON PERFORATION AND ENCLOSE IN ENVELOPE



NO. OF PAYMENTS	UNPAID BALANCE	PAYMENT	INTEREST $1\frac{1}{2}\%$ ON UNPAID BALANCE	TOTAL PAYMENTS
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TOTALS				

FORM FOR PROBLEM TO CALCULATE INTEREST

NO. OF PAYMENTS	UNPAID BALANCE	PAYMENT	INTEREST 1 1/2% ON UNPAID BALANCE	TOTAL PAYMENTS
1	\$50.00	\$10.00	\$0.75	\$10.75
2	40.00	10.00	.60	10.60
3	30.00	10.00	.45	10.45
4	20.00	10.00	.30	10.30
5	10.00	10.00	.15	10.15
TOTALS	\$00.00	\$50.00	\$2.25	\$52.25

FORM FOR PROBLEM TO CALCULATE INTEREST

## A QUARTER BILLION CARDS\*

NO ONE KNOWS HOW MANY PEOPLE CARRY CREDIT CARDS. THERE ARE SEVERAL THOUSAND DIFFERENT KINDS AVAILABLE AND MOST PEOPLE CARRY MORE THAN ONE. HOWEVER, THE TOTAL NUMBER OF CARDS IN CIRCULATION NOW NEARS 250,000,000, MORE THAN ONE FOR EVERY PERSON IN THE UNITED STATES. HERE'S APPROXIMATELY HOW THEY BREAK DOWN IN TYPES:

TRAVEL & ENTERTAINMENT CARDS	6,000,000
BANK CARDS	50,000,000
AIR TRAVEL CARDS	3,000,000
OIL COMPANY CARDS	90,000,000
RETAIL STORE CARDS	100,000,000

\*CHANGING TIMES, THE KIPLINGER MAGAZINE, MARCH, 1970, P. 9.

APPENDIX B

Truth in Lending, Economic Education Series, Federal Reserve Bank,  
Philadelphia.

Case Study "A", Department of Consumer Affairs, State of Oklahoma,  
Oklahoma City, Oklahoma.

Case Study "B", Department of Consumer Affairs, State of Oklahoma,  
Oklahoma City, Oklahoma.

Oklahoma Senate Bill #587, An Act Relative to Credit Cards, State  
of Oklahoma.

Transparency Masters showing the cost of credit:

1. Bank loans
2. Credit Union loans
3. Instalment purchase
4. Revolving charge accounts

DEPARTMENT OF CONSUMER AFFAIRS

CASE STUDY A

Part I

On August 12, 1969, Mr. and Mrs. A were visited in their home by a salesman peddling a lifetime membership in a buying club. Mr. A is 22 years old and lives in a lower income moderate residential area with his wife and three children. Mr. and Mrs. A are black.

The salesman impressed them with the fact that they would be able to purchase goods and services at discount rates because they were members of this buyer's club. As an outside inducement for the signing of a contract for the membership, the salesman offered to give them a sewing machine valued at \$400. He explained that the sewing machine was a gift which they could keep regardless if they continued in their membership in the buyer's club or not. All that Mr. and Mrs. A had to do was to sign a retail instalment contract for the membership.

Mr. A explained later that the idea of the buyer's club was attractive although fairly expensive; however, with a sewing machine as a gift with a retail value of over \$400, it seemed that they could not go wrong. Mr. and Mrs. A signed the contract.

Some time later, the buying club assigned Mr. and Mrs. A's contract to a finance company. The finance company contacted the A's and explained that they had purchased the contract and it was necessary that they make their payments directly to the finance company.

Later, Mr. A was late with one of his monthly instalments and the finance company called him demanding payment and, failing that, a suit would be brought for the balance under the contract and the recovery of the sewing machine. Mr. A responded that he fully intended to pay for the membership, but he had understood from the beginning that the sewing machine was a gift in any case. However, the finance company explained to him that when he signed the contract, he also signed a contract for the purchase of the sewing machine. And that it was indeed not a gift at all.

Later, Mr. A sought to purchase certain articles by presenting his membership in the buyer's club to his local merchants. He found that the merchants would not honor the buying club's membership card. He contacted the office of the club and found that he must purchase his goods through a prepared catalog sent out by the club. After comparing prices that were specified in the catalog supposedly at a discount, he found that even his local merchants had the same articles of goods priced below the so-called discount prices in the catalog. Mr. A realized that the lifetime buyer's club was a membership with no value at all and was of no benefit to him.

Mr. A then examined the sewing machine and found the machine to be of dubious origin. He attempted to compare the quality of the machine with a comparable product by a local dealer. He found the so-called gift, with a so-called price tag of over \$400, had a current retail value of less than \$100.

The contract provided the cash price was \$299.00. There was a small insurance charge and an official fee charge which, with the taxes, brought the amount financed to \$317. The finance charge for the privilege of paying 24 equal instalments was \$76, and the total deferred price was almost \$400. Mr. and Mrs. A were stuck.



DEPARTMENT OF CONSUMER AFFAIRS

CASE STUDY A

Part II

After much reflection, Mr. and Mrs. A contacted the Better Business Bureau who in turn referred the matter to the Legal Aid Society of Oklahoma County.

Under the Uniform Consumer Credit Code, a seller is required to give a prospective buyer a simple notice of his right to cancel if the contract is solicited in his home. If the buyer is not given this right to cancel by separate writing or contained in total contract, and in the specific words of the statute, then the buyer can cancel the contract at any time. It must be in writing. Obviously, if the buyer's right to cancel is given to the customer at the time the contract is entered into, the law provides that he has three business days within which to think about the transaction and decide to cancel if he so wishes. In that event, and if the seller complies with the law in other respects, the seller may retain a cancellation fee of 5% of the cash price of the goods but not to exceed the down payment. However, if the seller fails or refuses to give the buyer his right to cancel in writing, then the buyer may cancel at any time regardless of any three-day period. That is, the three days will never begin to run until the seller satisfies his obligation under the law and gives the buyer a notice to cancel. In the case of Mr. and Mrs. A, this buyer's right to cancel was not included in the contract, nor was a separate written instrument given to them containing such notice. From August 12, the date of the contract, Mr. and Mrs. A made a number of payments amounting to a substantial figure. After the A's came to the Legal Aid in January, a letter was sent on behalf of the consumers to the seller and the finance company to whom the contract was assigned. The letter stated that the buyer was hereby exercising his right to cancel the contract and advising all parties concerned that he would not be bound by it thereafter. In addition, all the payments made under the contract less a 5% cancellation fee, were to be returned to the buyer within 10 days.

Prior to the sending of such letter, the finance company had turned the matter over to a local attorney who brought suit in District Court. Although the Department of Consumer Affairs could not and did not represent Mr. and Mrs. A in the private lawsuit, the finance company is a supervised organization and the information concerning the buyer's right to cancel was made available to the company.

In addition, the original seller repurchased the contract from the finance company. Mr. and Mrs. A were reimbursed on all the payments that they had made. The sewing machine was tendered back to the original seller. The lawyer representing the finance company dismissed the lawsuit.

Mr. and Mrs. A have been restored to substantially the same position as before the date of the contract. If they are not a little older by their experience, then at least they are somewhat wiser in the uses and misuses of credit and credit vendors. Needless to say, this complaint was concluded to the satisfaction of Mr. and Mrs. A.

DEPARTMENT OF CONSUMER AFFAIRS

CASE STUDY B

Part I

Mrs. B is a widow with two children in high school. Her main source of income is through day work. Mrs. B is black. She lives in a low income community outside of a larger city.

On August 18, 1969, Mrs. B went to a leading automobile dealership. She needed an automobile to travel back and forth from her day work jobs in order to support herself and her family. Mrs. B has a moderate income, but must work very hard to keep it so. She picked out a 1965 Chevrolet. The cash price on the car was \$1,175. The salesman told her that it was a requirement that she put down \$200. All she had was \$150. The salesman was very anxious to make this sale and concluded an arrangement that if she would put down \$150, which she had, in 12 days she could put up the rest of it to make the full down payment of \$200. Mrs. B decided that this was a transaction with which she could live.

The papers were drawn up to show that the cash price was \$1,175. The down payment, however, was indicated at \$150. It was necessary that she purchase \$132 worth of physical damage insurance plus \$42 worth of life insurance. There was a small filing fee, and the total amount that was financed was an even \$1,200. It was necessary that she pay \$288 for the total finance charge. The annual interest rate was 22.69%. Payments were \$59.53 for 24 months. These figures in themselves were not important except that the contract called for a pick-up payment of \$60 due August 30, 12 days after the date of the contract.

After driving the car home one and one half months later, the car became inoperative. She took the car back and found that they would not provide service for repair. They insisted that she pay 1/2 of the cost of repair. This was a financial impossibility. The auto dealer considered that the car had been repossessed and the car was sold. The total cash price of the car supposedly was \$1,175, but the car was sold for \$941, and Mrs. B was called upon to pay the difference of \$547.85. This represented the deficiency; that is, the total amount of the contract which Mrs. B signed less what the car sold for.

DEPARTMENT OF CONSUMER AFFAIRS

CASE STUDY B

Part II

You must recall that the salesman made the agreement with her that the down payment was to be \$200, she had \$150 cash, and she was to make the balance in a pick-up payment in 12 days. However, the contract called for the payment that was picked up to be in the amount of \$60. The obvious question is what was the ten dollars for?

The law requires that all charges which are paid directly or indirectly by the buyer and imposed directly and indirectly by the seller, and are incidental to the extension of credit, are called the credit service charge. Any other charges which may be in addition to the credit service charge, such as property insurance, credit life insurance and filing fees, can be excluded from the credit service charge if they are separately allowed as "additional charges". However, the additional charges section could not justify the additional cost of \$10 to round out the down payment.

The contract disclosed an amount to be financed of \$1,200, the finance charge to be \$288 and the annual percentage rate to be 22.69%. If the extra \$10 which was in the pick-up payment was credit service charge, it was not disclosed in the contract. If it's not disclosed in the contract as required by the law, then there is a violation of the disclosure provisions under the Uniform Consumer Credit Code. The basic disclosure violations require that there will be a liability on the part of the seller in the amount of twice the amount of the credit service charge, but will not be less than \$100 nor more than \$1,000. In addition, the buyer, if successful, can recover his attorney's fees.

Although it is not necessary to explain the computation, suffice it to say that Mrs. B was required to pay \$10 for the privilege of paying the total of \$50 in 12 days. The annual percentage rate for the charge would be 600%.

On behalf of Mrs. B, the auto dealer was contacted, her position was explained, and the auto dealer promptly contacted his attorney. The attorney contacted this Department and the law was explained to him. In order to avoid liability under the violations for disclosure, the dealership voluntarily decided to comply with the law and return to Mrs. B the total payments and down payment paid. The complaint was closed.

SENATE BILL #587

BY: TERRILL, BRECKINRIDGE, KEELS,  
McCUNE, McGRAW, PAYNE and  
TALIAFERRO of the SENATE

and

ROGERS, THORNHILL, NANCE,  
WILLIAMSON, FORD, HANCOCK  
and WIXSON of the HOUSE

AN ACT RELATING TO CRIMES AND PUNISHMENTS; DEFINING OFFENSES  
RELATING TO THEFT, USE, POSSESSION, PURCHASE, SALE, RETENTION,  
FORGERY, FRAUD, POSSESSION OF EQUIPMENT OR MATERIALS, AND OTHER  
ACTIVITIES CONNECTED WITH CREDIT CARDS; PRESCRIBING PENALTIES;  
AND DECLARING AN EMERGENCY.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. As used in this act:

(1) "Cardholder" means the person or organization named on  
the face of a credit card to whom or for whose benefit the credit  
card is issued.

(2) "Credit card" means any instrument or device, whether  
known as a credit card, credit plate, charge plate, or by any  
other name, issued with or without fee by an issuer for the use of  
the cardholder in obtaining money, goods, services, or anything  
else of value, on credit.

(3) "Issuer" means any person, firm, corporation, financial  
institution or its duly authorized agent which issues a credit  
card.

(4) "Receives" or "receiving" means acquiring possession or  
control or accepting as security for a loan.

(5) "Revoked credit card" means a credit card which is no  
longer valid because permission to use it has been suspended or  
terminated by the issuer.

SECTION 2.

(a) A person who takes a credit card from the person,  
possession, custody or control of another without the cardholder's  
consent, or who, with knowledge that it has been so taken, receives  
the credit card with intent to use it or to sell it, or to transfer

it to a person other than the issuer or the cardholder, is guilty of credit card theft and is subject to the penalties set forth in Section 13(a) of this act.

(b) Taking a credit card without consent includes obtaining it by the crime of larceny, larceny by trick, larceny by the bailee, embezzlement, or obtaining property by false pretense, false promise or extortion.

(c) A person who has in his possession or under his control any credit card obtained under subsection (b) of this section is presumed to have violated this section.

### SECTION 3.

A person who receives a credit card that he knows to have been lost or mislaid and who retains possession with intent to use it or to sell it or to transfer it to a person other than the issuer or the cardholder is guilty of credit card theft and is subject to the penalties set forth in Section 13(a) of this act.

### SECTION 4.

A person other than the issuer who sells a credit card or a person who buys a credit card from a person other than the issuer is guilty of credit card theft and is subject to the penalties set forth in Section 13(a) of this act.

### SECTION 5.

A person with intent to defraud (a) the issuer, (b) a person or organization providing money, goods, services, or anything else of value, or (c) any other person, who obtains control over a credit card as security for debt is guilty of credit card theft and is subject to the penalties set forth in Section 13(a) of this act.

### SECTION 6.

A person, other than the issuer, who receives, on giving of any consideration, a credit card issued in the name of any other person, which he has reason to know was taken or retained under circumstances which constitute credit card theft, is guilty of credit card theft.

### SECTION 7.

(a) A person with intent to defraud (a) a purported issuer, (b) a person or organization providing money, goods, services or anything else of value, or (c) any other person, who falsely makes

or falsely embosses a purported credit card or utters such a credit card is guilty of credit card forgery and is subject to the penalties set forth in Section 13(a) of this act.

(b) A person other than the purported issuer who possesses two or more credit cards which are falsely made or falsely embossed is presumed to have violated this section.

(c) A person "falsely makes" a credit card when he makes or draws, in whole or in part, a device or instrument which purports to be the credit card of a named issuer but which is not such a credit card because the issuer did not authorize the making or drawing, or when he alters a credit card which was validly issued.

(d) A person "falsely embosses" a credit card when, without the authorization of the named issuer, he completes a credit card by adding any of the matter, other than the signature of the cardholder, which an issuer requires to appear on the credit card before it can be used by a cardholder.

#### SECTION 8.

(a) A person other than the cardholder or a person authorized by him who with intent to defraud (a) the issuer, (b) a person or organization providing money, goods, services or anything else of value, or (c) any other person, signs a credit card violates this subsection and is subject to the penalties set forth in Section 13(a) of this act.

(b) When a person, other than the cardholder or a person authorized by him possesses any credit card which is not signed, such possession shall be prima facie evidence that said cards were obtained in violation of this section.

#### SECTION 9.

A person who, with intent to defraud (a) the issuer, (b) a person or organization providing money, goods, services or anything else of value, or (c) any other person, uses for the purpose of obtaining money, goods, services or anything else of value a credit card obtained or retained in violation of any provision of Sections 2 through 8, both inclusive, of this act or a credit card which he knows is forged or revoked, or obtains money, goods, services or anything else of value by representing, without the consent of the cardholder, that he is the holder of a specified card or by representing that he is the holder of a card and such card has in fact not been issued, has violated this subsection and is guilty of an offense and is subject to the penalties set forth in Section 13(a) of this act. Knowledge of revocation shall be presumed to have been received by a cardholder fourteen (14) days after it has been mailed to him at the address in this state set forth on the credit card application or at his last-known address by registered or certified mail, return receipt requested.



#### SECTION 10.

A person who is authorized by an issuer to furnish money, goods, services or anything else of value upon presentation of a credit card by the cardholder, or any agent or employee of such person, who, with intent to defraud the issuer or cardholder, fails to furnish money, goods, services or anything else of value which he represents in writing to the issuer that he has furnished violates this subsection and is subject to the penalties set forth in Section 13(a) of this act.

#### SECTION 11.

(a) A person other than the cardholder possessing one or more incomplete credit cards, with intent to complete them without the consent of the issuer, or a person possessing, with knowledge of its character, machinery, plates or any other contrivance designed to reproduce instruments purporting to be the credit cards of an issuer who has not consented to the preparation of such credit cards, is guilty of an offense and is subject to the penalties set forth in Section 13(b) of this act.

(b) A credit card is "incomplete" if part of the matter, other than the signature of the cardholder, which an issuer requires to appear on the credit card before it can be used by a cardholder has not yet been stamped, embossed, impinted, or written on it.

#### SECTION 12.

A person who receives money, goods, services, or anything else of value obtained in violation of Section 9 of this act, with the knowledge or belief that it was so obtained, is guilty of an offense and is subject to the penalties set forth in Section 13(a) of this act.

#### SECTION 13.

(a) A person who is subject to the penalties of this subsection shall be fined not more than Three Thousand Dollars (\$3,000) or imprisoned in the penitentiary not more than three (3) years, or both.

(b) A person who is subject to the penalties of this subsection shall be imprisoned in the penitentiary not more than seven (7) years, nor less than three (3) years.

(c) A person who violates any provision of this act shall be deemed guilty of a felony.



SECTION 14.

This act shall not be construed to preclude the applicability of any other provision of the criminal law of this state which presently applies or may in the future apply to any transaction which violates this act, unless such provision is inconsistent with the terms of this act.

SECTION 15.

If any provision of this act or its application to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

SECTION 16.

The provisions of this act shall be cumulative to any existing laws.

SECTION 17.

This act shall be known and may be cited as the "Oklahoma Credit Card Crime Act of 1970."

SECTION 18.

The Legislature of the State of Oklahoma finds the theft, abuse and misuse of credit cards has damaged the economic security of the people of the state and such activity must be controlled immediately to prevent further harm and that the immediate passage of this act is necessary to establish uniform and effective methods of protection against the danger so as to discourage practices contrary to this act. Therefore, an emergency is hereby declared to exist and this act being immediately necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

Passed the Senate the 9th day of April, 1970.

Passed the House of Representatives the 14th day of April, 1970.

Enacted on the 22nd day of April, 1970.

BANK:

BORROW ONE HUNDRED AND FIFTY DOLLARS (\$150) FROM THE BANK AT THE RATE OF TEN PER CENT (10%) INTEREST FOR A PERIOD OF TEN (10) MONTHS FROM THE DATE OF THE NOTE

USING PRINCIPAL X RATE X TIME

\$150.00

X .10

---

\$15.00 X 5/6 (FRACTIONAL PART OF YEAR) = \$12.50

COST OF LOAN

\$12.50

50

CREDIT UNION:

COST OF LOAN BASED ON 5% FOR EACH ONE HUNDRED  
DOLLARS (\$100) BORROWED FOR ONE (1) YEAR.

\$150.00

.05

---

\$ 7.50 X 5/6

(FRACTIONAL PART OF YEAR)

COST OF LOAN: \$6.25

INSTALMENT PLAN:

TEN (10) INSTALMENTS @ \$16.50 PER MONTH =	\$165.00
+ \$5.00 DOWN PAYMENT	5.00
	<hr/>
INSTALMENT PRICE	170.00
- CASH PRICE	150.00
	<hr/>
	\$ 20.00

COST OF LOAN: \$20.00

REVOLVING CHARGE:

	UNPAID BALANCE	PAYMENT	INTEREST
FIRST	\$150.00	\$15.00	\$2.25
SECOND	137.25	15.00	2.06
THIRD	124.31	15.00	1.86
FOURTH	111.17	15.00	1.67
FIFTH	97.84	15.00	1.47
SIXTH	84.31	15.00	1.26
SEVENTH	70.57	15.00	1.06
EIGHTH	56.63	15.00	.85
NINTH	42.48	15.00	.64
TENTH	28.12	15.00	.42
ELEVENTH	13.54	13.54	.20
			<hr/> \$13.74

REVOLVING CHARGE BASED ON THE MAXIMUM OF 1 1/2% PER  
MONTH ON THE UNPAID BALANCE

COST OF LOAN:     \$13.74

APPENDIX C

Copy of Conditional Sales Contract. It is suggested that this material be converted into a transparency.

You and the New Credit Laws, Family Living Topics, Dorothy G. Blackwell, Oklahoma State University, Stillwater, Oklahoma.

You and the New Credit Laws, Department of Consumer Affairs, State of Oklahoma, Oklahoma City, Oklahoma.

1. Script
2. Transparency Masters

Notification Receipt, Department of Consumer Affairs, State of Oklahoma, Oklahoma City, Oklahoma.

Test, An evaluation of students' knowledge of 'Buyers' Rights.'

**CONDITIONAL SALES CONTRACT**

Date February 13, 19--

Buyers' Name Maurice Crandall

To Ray G. Schmidt

Residence

Seller

Address 1202 Maple Drive

843 Elm Street

Street

Palo Alto, California

Palo Alto, California

City

State

City

State

I (meaning the undersigned buyer or buyers, jointly and severally) hereby buy from you the following goods.

Article	Model No.	Serial No.
<u>Stereo-HiFi</u>	<u>Premier 63</u>	<u>P81-73021</u>

Use This Schedule If Monthly Payments Are Unequal	
\$ <u>    </u> on <u>    </u> 19 <u>  </u>	\$ <u>    </u> on <u>    </u> 19 <u>  </u>
\$ <u>    </u> on <u>    </u> 19 <u>  </u>	\$ <u>    </u> on <u>    </u> 19 <u>  </u>
\$ <u>    </u> on <u>    </u> 19 <u>  </u>	\$ <u>    </u> on <u>    </u> 19 <u>  </u>
\$ <u>    </u> on <u>    </u> 19 <u>  </u>	\$ <u>    </u> on <u>    </u> 19 <u>  </u>
\$ <u>    </u> on <u>    </u> 19 <u>  </u>	\$ <u>    </u> on <u>    </u> 19 <u>  </u>

Cash price .....	\$ <u>229.95</u>
Sales tax .....	\$ <u>6.90</u>
Credit service charge.....	\$ <u>6.00</u>
Total purchase price.....	\$ <u>242.85</u>
Down payment	
(a) Cash .....	\$ <u>42.85</u>
(b) Allowance for trade-in .....	\$ <u>none</u> \$ <u>42.85</u>
Balance .....	\$ <u>200.00</u>

which is payable in installments of \$ 20 on the 10th day of each month, commencing on April 10, 19--.

Title to goods purchased under this contract is retained by you until payment of full purchase price. I agree to keep the goods safely and free from all other liens and at the above address unless you consent in writing to their removal.

The full balance shall become due on default, together with a 15% attorney's fee if then placed with an attorney for collection. In case of default, you shall also have the right to retake the goods wherever located, hold and dispose of them and collect expenses, and I shall have the right to redeem the goods or require their sale at public auction, all as provided by the law of the State of California.

This is our entire agreement, subject to any written guarantee or service contract duly delivered by you and cannot be changed orally. If I shall be given written notice that you have assigned this contract, you shall continue responsible for all of your obligations, but your assignee's rights shall be independent of my claims against you.

**THIS IS A CONDITIONAL SALES CONTRACT**

Ray G. Schmidt  
Accepted Seller's Signature

Maurice Crandall  
Buyer's Signature

I have received an executed copy of this contract. No other extension of credit exists, or is to be made, in connection with this purchase.

By J. C. R. [Signature]  
Title

Maurice Crandall  
Buyer's Signature





# You and the New Credit Laws\*

Dorothy G. Blackwell  
Home Management Specialist

The Oklahoma Uniform Consumer Credit Code (House Bill 1001) should be of interest to you if you ever use credit. The purpose of the Uniform Consumer Credit Code is to let you, the buyer, know the cost of credit so that you can compare costs and avoid the uninformed use of credit. For the first time you, the consumer, can shop for credit with relative ease.

The *finance charge* and the *annual percentage rate* are keys to credit shopping. The law requires that both must be told in a meaningful and uniform manner when credit is given to you for personal, family, household, or agricultural uses, as long as the amount is not over \$25,000. However *all* real-estate purchases for these purposes are covered, regardless of the amount.

## Disclosures

By law, the creditor (one who gives or arranges for credit to be given and may be a seller, a lessor, or a lender) must not only tell you the dollar cost of the finance charge (the total of all charges which you must pay, directly or indirectly for credit) and the annual percentage rate (the ratio of the finance charge to the amount financed) but he must also tell you the cash price; the total amount financed; when the credit charges begin; the number, amount, and due dates of your payments; penalties for default or late payment and method of figuring the charge; and a description of any property used for security.

Finally a copy of this disclosure statement must be given to you. (Remember, never sign any contract if you don't understand it or if there are items that have been left blank).

The *credit service charge* or *loan finance charge* is the sum of all charges the creditor requires you to pay

to obtain credit, including any of the following charges if fitting:

- Any "time-price differential," that is, any difference between the price of an item sold for cash and the same item sold on credit.
- Service, transaction, activity, and other carrying charges.
- Points or finder's fees — these are extra sums figured as a percentage of the loan amount and charged in a lump sum.
- Appraisal and credit report fees (except in real estate transactions).
- The cost of credit life, accident, health, or loss-of-income insurance that the creditor requires you to buy (such insurance policies are designed to pay off the loan if you die or become permanently disabled. If the insurance isn't required but you want it anyway, you must be told of the cost and sign a statement asking for the insurance. In this case the insurance premium is not included in the service finance or loan finance charge).
- Premiums for other types of insurance that protects the creditor against losses.
- Any charge that you are required to pay because the institution that is granting credit is going to sell the note or contract to another creditor.

## Rates

The Oklahoma Law sets the highest rate that can be charged for credit. However, the highest rate does not have to be charged.

The rate (figured by the actuarial method—payments are applied first to interest due and any remainder is then applied to reduce the principal) on

\*Based on the Oklahoma Uniform Consumer Credit Code.



sales, loans, or leases may not be more than 30% on the first \$300; 21% on the amounts above \$300 to \$1000; 15% on amounts over \$1000; or an overall single rate of 18%.

The Oklahoma Uniform Consumer Credit Code provides for different rates on cash loans of \$100 or less. Charges on these loans may be as follows: (a) a one dollar charge may be made for each \$5.00 cash advanced up to and including \$29.99; (b) a charge of 10% of the loan and an installment account handling charge of \$3.00 per month may be made on loans of \$30 up to and including \$35; (c) a charge of 10% of the loan and a \$3.50 monthly installment account handling charge may be made on loans of \$35.00 to \$70.00; (d) a charge of 10% of the loan and an installment account handling charge of \$4.00 per month may be made on loans of over \$70 but not over \$100.

Loans made under these conditions are for one month for each \$10 advanced. (A \$100 loan for ten months would cost the borrower \$10 for getting the loan and \$40 in installment account handling charges, or a total finance charge of \$50.)

No other charges may be made on loans under this part of the law. The 10% charge is not subject to rebate (refund); however, the account handling charge is subject to rebate.

The law allows certain minimum charges for credit. On loan and sales which are not over \$75, a \$5 finance charge may be made, and if the sale or loan is over \$75, a \$7.50 finance charge may be made. In such cases the creditor need not tell what items make up the finance charge.

### Revolving Charge or Loan Accounts

The finance charge for revolving accounts is not to be more than 1½% per month on the unpaid balance, or 18% annually.

The regular monthly billing statement must contain a listing of all transactions during the billing period, plus a breakdown of the finance charge and rates and special fees used to determine the charge.

The method of figuring charges must be explained on the statement. Most companies apply their charges to the previous balance after all payments and credits made during the billing period have been deducted. Others, however, apply their credit charge to the previous balance without deducting payments or credits.

### Delinquency Charge

A delinquency charge (charge for late payment) may be made on any installment not paid in full within ten (10) days after the due date. The delinquency charge shall not be more than: (a) five percent of the unpaid amount of the installment, not exceeding \$5.00, or (b) the deferral charge that would

be permitted to defer the unpaid amount of the installment for the period that it is overdue.

A delinquency charge may be collected only once on an installment, regardless of how long it remains unpaid. Other payments made will be applied first to the current installment and then to the delinquent installments.

### Consumer's Rights

**Right to Prepay.** You have the right to prepay the unpaid balance of a consumer credit sale or loan, refinancing, or consolidation at any time without penalty on contracts entered into after July 1, 1969. The unearned loan finance charge or credit service charge must be returned to you, providing the refund is more than \$1.00. However, the creditor is permitted a minimum charge.

**Excess Charges.** If you are charged too much for credit, you may demand a refund or proper credit. If the creditor fails to make the refund within a reasonable time, you are entitled to an amount equal to the finance charge or ten times the excess charge, as long as the amount is at least \$100 but not over \$1000.

**Improper Disclosure.** If a creditor fails to tell you any of the required information, he is liable to you for an amount of not less than \$100 or more than \$1000, if legal action is brought against the creditor. No action may be brought more than one year after the date of the violation. However, the creditor has 15 days after an improper disclosure in which to contact you and tell you the terms of the transaction and avoid action unless the action has already been started within the time. The creditor is not liable under this rule if he shows evidence that the violation was not intentional and resulted from an error.

If you are successful in your action against the creditor for either excess charges or improper disclosure, you are entitled to the costs of the action together with reasonable attorney's fees as set by the courts.

**Rescission Agreement.** You have until midnight of the third business day in which to change your mind (rescind) on transactions which may result in a lien (a charge against property for the satisfaction of debts) being placed on your home or land which you expect to use for your residence.

These transactions include the furnishing of goods and services or the advancing of money. This transaction may be rescinded at no cost to you.

The creditor must provide you with two copies of a special form outlining your rights. To rescind, you need to sign and date the notice and return to the creditor. The transaction may also be rescinded by letter or telegram.

The creditor is required to return the down pay-

ment or deposit within ten days after he receives the cancellation notice.

In case of an emergency, you may waive your cancellation rights.

**Assignments.** You are to pay the original creditor until notified (in writing) that your note or contract has been sold to another creditor for collection. You are entitled to a 30-day notice, and during this time you may notify the creditor of any objections you have to the assignment of the note or contract.

### Curbing Some Abuses

**Home Solicitation Sales.** You have three business days to cancel a sale made at your home. Cancellation occurs when you give written notice of cancellation to the seller. The seller may charge a cancellation fee of five (5) percent of the cash price, but not over the amount of the cash down payment.

You may not cancel a home solicitation sale if you have requested goods or services because of an emergency. Neither can you cancel if, in the case of goods, the goods cannot be returned in almost as good condition as when you received them.

The seller must, within ten (10) days after a cancellation of a home sale, return to you any payments made and any evidence of indebtedness.

Any goods included in the down payment must be returned to you in as good condition as when received by the seller.

You must, within a reasonable time after the cancellation of a home solicitation sale and upon demand of the seller, return any goods delivered to you by him. However, you are not obligated to return the goods to any point other than your home.

Any goods delivered to you become your property if the seller fails to demand possession of them within a reasonable time (40 days) after the cancellation. However, you have the duty to take good care of the goods in your possession before and for a reasonable time after cancellation.

**Referral Sales.** Referral sales in which a seller offers you a discount, rebate, or other benefits from events which may take place in the future are prohibited.

If you are induced to enter into such an agreement, the agreement is void. You may cancel the agreement and retain the goods delivered to you and the benefits of any services performed, without any obligation to pay.

**Cross-Collateral.** A seller who sells goods on credit to you in more than one sale may secure the debts arising from each sale by a cross-security interest in the other goods only if he already has security interest in the goods.

**Debt Secured by Cross-Collateral.** If you have purchased a refrigerator and have \$50 more to pay on it when you decide to buy a television set from the same dealer, a new contract is written for the television set. The next \$50 goes toward the refrigerator, and if payments cannot be met on the television set, the dealer cannot take title to the refrigerator. That contract is closed.

Payments made on revolving accounts are applied to the goods and services in the order in which the purchases were made.

A payment is applied first to the smallest debt if the debt is the result of two or more purchases on the same day.

**Multiple Agreements.** A seller may not use more than one agreement with the intent to obtain a higher credit service charge than would otherwise be permitted. If you desire to borrow \$600, two \$300 loans could not be made. One \$600 loan would be made.

**"Loan-Sharking."** The Oklahoma Uniform Consumer Credit Code prohibits extortionate credit transactions known as "loan-sharking." A loan at an annual rate above 45% and collecting by the use of threats or violence is evidence that the credit extension is extortionate.

**Balloon Payments.** Balloon payments on consumer credit sales are not expressly prohibited. However, if any scheduled payment is more than twice as large as the average of earlier scheduled payments, you have the right to refinance the amount of that payment at the time it is due without penalty. The terms of the refinancing shall be no less favorable than the original sale.

These terms do not apply if the payment schedule has been adjusted to your seasonal or irregular income.

**Repossessions.** The creditor has the option, on default, of repossessing the goods or suing for the amount due, but he cannot do both. This applies to consumer sales with the original selling price of \$1000 or less.

**Garnishment.** Garnishment is withholding the earnings of an individual for the payment of a debt. The creditor must get court permission (obtain judgment) before taking wages for payment of a debt.

Under the new law the debtor is assured of a certain amount of his wages which will remain free of garnishment. The amount that may be garnished is limited to the smaller of: (a) twenty-five (25) percent of his disposal earnings (earnings after legal withholdings are made) for that week; or (b) that amount by which his disposable earnings for that week is above thirty (30) times the Federal minimum

hourly wage in effect at the time the earnings are payable.

An employer cannot discharge a person because of garnishments until served with garnishment proceedings that third time in one year.

If the employer discharges the employee in violation of this section of the code, the employee may within 30 days bring civil action for recovery of wages lost as a result and for an order requiring reinstatement. Recoverable damages may not exceed lost wages for six weeks.

### **Advertising**

False or misleading advertising is prohibited by the Oklahoma Uniform Consumer Credit Code. The code provides that advertising is misleading if an advertisement states the rate of finance charge and does not express it as an annual percentage rate.

An advertisement which states the dollar amounts of the finance charge or installment payment must also state the rate of any finance charge and the number and amount of the installment payments if it is to be within the law.

### **Real Estate**

All real estate credit in any amount is covered under the Oklahoma Uniform Consumer Credit Code when it is to an individual and not for business purposes, unless the business purpose is agriculture.

Two special provisions apply to real estate credit.

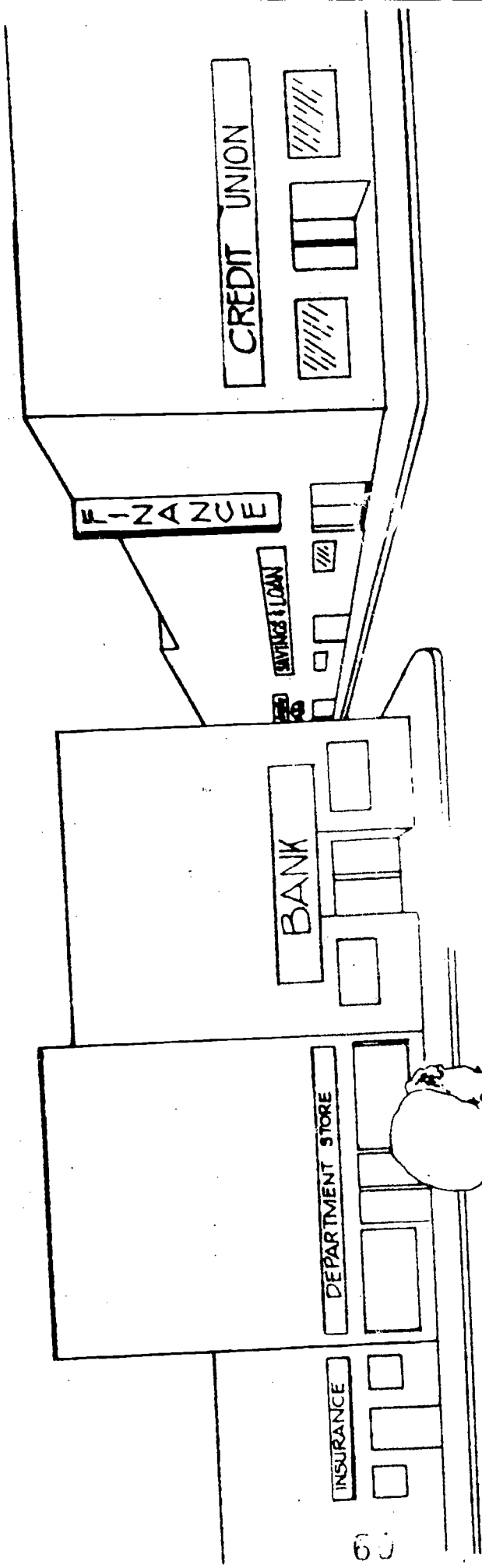
1. The creditor does not have to show the total dollar amount of the finance charge on a first mortgage loan to finance the purchase of the consumer's dwelling.

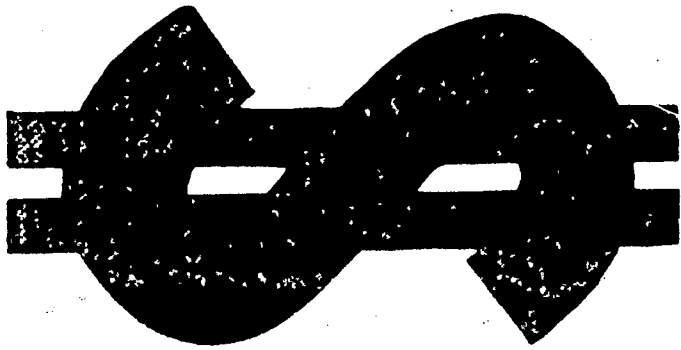
2. The consumer has the right to cancel a credit arrangement within three business days if the real estate used as collateral for credit is his residence or is intended to be used as his residence.

A first mortgage to finance the purchase of a consumer's residence carries no right to cancel.

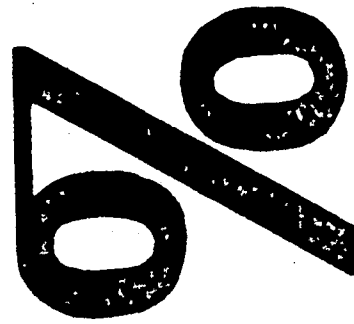
### **Remedies**

In the event of problems, you should discuss the matter with your lawyer or banker or notify the Department of Consumer Affairs, P. O. Box 53361, Capitol Station, Oklahoma City, Oklahoma.





**Finance Charge**



**Annual Percentage Rate**

Seller's Name: \_\_\_\_\_  
 \_\_\_\_\_

Contract # \_\_\_\_\_

**RETAIL INSTALLMENT CONTRACT AND SECURITY AGREEMENT**

The undersigned (herein called Purchaser, whether one or more) purchases from \_\_\_\_\_ (seller) and grants to \_\_\_\_\_ a security interest in, subject to the terms and conditions hereof, the following described property.

PURCHASER'S NAME \_\_\_\_\_

PURCHASER'S ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

QUANTITY	DESCRIPTION	AMOUNT	
Description of Trade-in:			
Sales Tax			
Total			

1. CASH PRICE \$ \_\_\_\_\_
2. LESS: CASH DOWN PAYMENT \$ \_\_\_\_\_
3. TRADE-IN \_\_\_\_\_
4. TOTAL DOWN PAYMENT \_\_\_\_\_ \$ \_\_\_\_\_
5. UNPAID BALANCE OF CASH PRICE \$ \_\_\_\_\_
6. OTHER CHARGES: \_\_\_\_\_ \$ \_\_\_\_\_
7. AMOUNT FINANCED \$ \_\_\_\_\_
8. FINANCE CHARGE \$ \_\_\_\_\_
9. TOTAL OF PAYMENTS \$ \_\_\_\_\_
10. DEFERRED PAYMENT PRICE (1+6+8) \$ \_\_\_\_\_
11. ANNUAL PERCENTAGE RATE \_\_\_\_\_ %

**Insurance Agreement**  
 The purchase of insurance coverage is voluntary and not required for credit. (Type of Ins.) insurance coverage is available at a cost of \$\_\_\_\_\_ for the term of credit.  
 I desire insurance coverage  
 Signed \_\_\_\_\_ Date \_\_\_\_\_  
 I do not desire insurance coverage  
 Signed \_\_\_\_\_ Date \_\_\_\_\_

Purchaser hereby agrees to pay to \_\_\_\_\_ at their offices shown above the "TOTAL OF PAYMENTS" shown above in \_\_\_\_\_ monthly installments of \$\_\_\_\_\_ (final payment to be \$\_\_\_\_\_ ) the first installment being payable \_\_\_\_\_ 19\_\_\_\_, and all subsequent installments on the same day of each consecutive month until paid in full. The finance charge applies from (Date) \_\_\_\_\_

Signed \_\_\_\_\_



**MUST INCLUDE (IF APPLICABLE)**

- Time-price differential
- Service, transaction, activity or other carrying charges
- Points or finder's fees
- Appraisal and credit report fees
- Cost of insurance
- Expense of selling note



30% ON FIRST \$300  
21% ON AMOUNTS ABOVE  
\$300 TO \$1000  
15% ON AMOUNTS OVER  
\$1000 OR  
18% OVERALL RATE





## RATES ON CASH LOANS OF \$100 OR LESS

35

<u>SIZE OF LOAN</u>	<u>\$ CHARGE</u>	<u>% CHARGE</u>
\$29.99 or less	\$1 for each \$5	+10%
\$30.00 - \$35.00	\$3 per month	+10%
\$35.00 - \$70.00	\$3.50 per month	+10%
\$70.00 - \$100.00	\$4 per month	+10%

One month for each \$10

# Charges

**Minimum**

**\$5.00**

**\$75 or less**

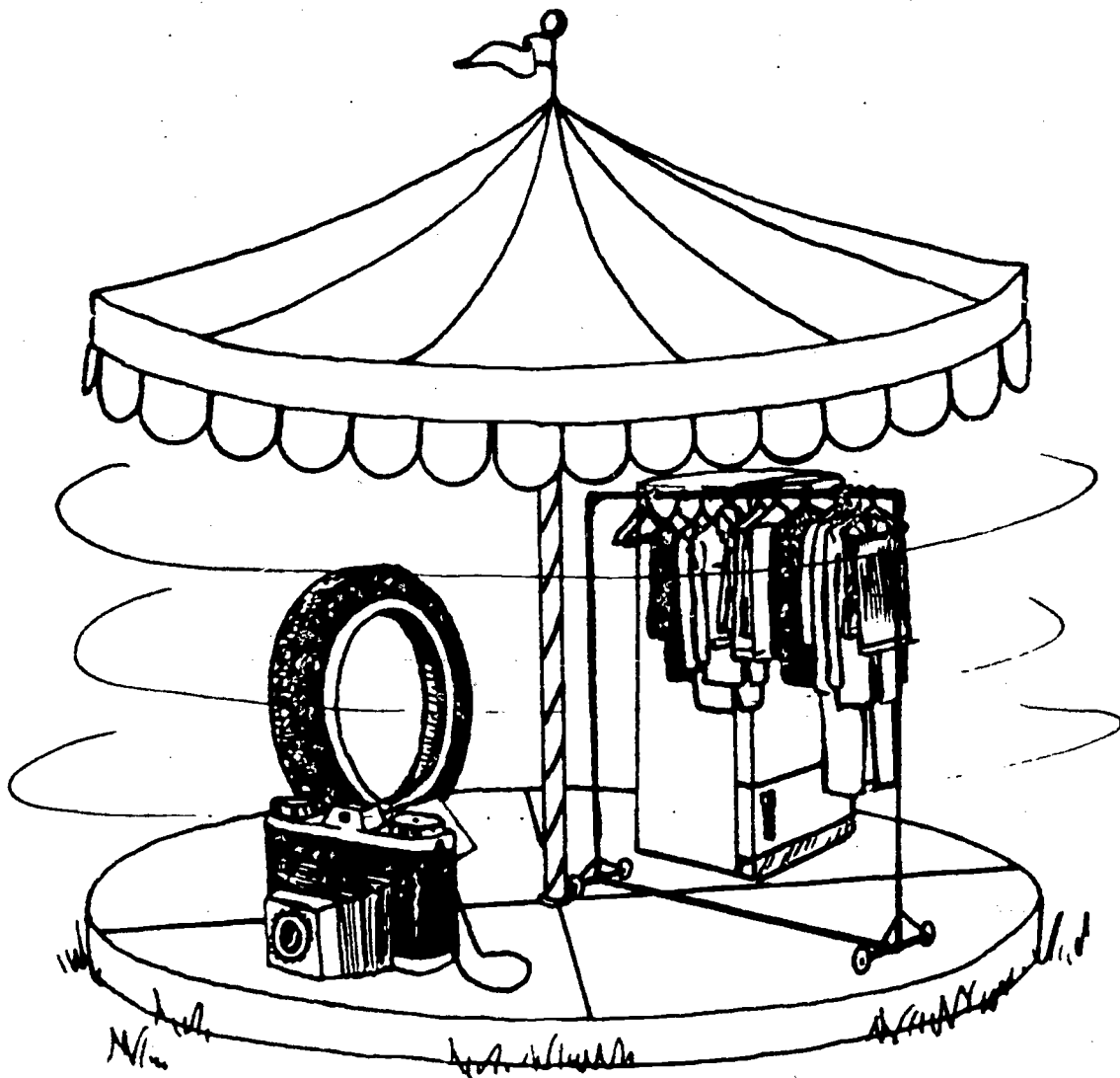
**\$7.50**

**\$75 or more**

# REVOLVING CREDIT

15 % per month

18 % per year



J U L Y						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

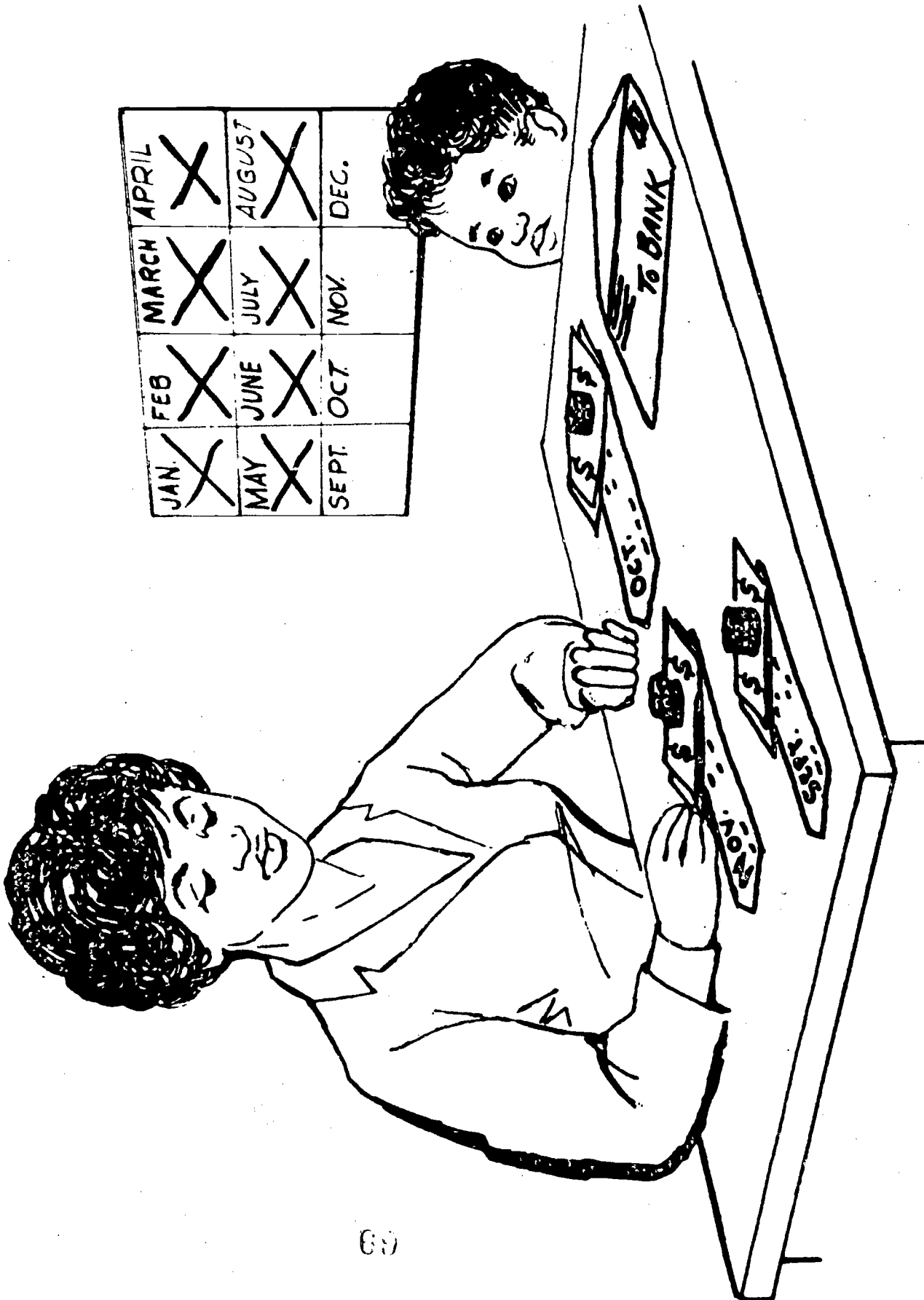
## DELINQUENCY CHARGE

5 % of the unpaid installment

or

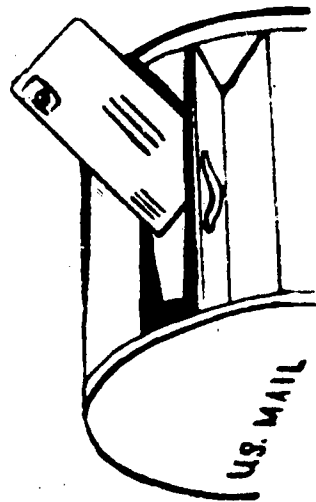
the deferral charge

# RIGHT TO PREPAY

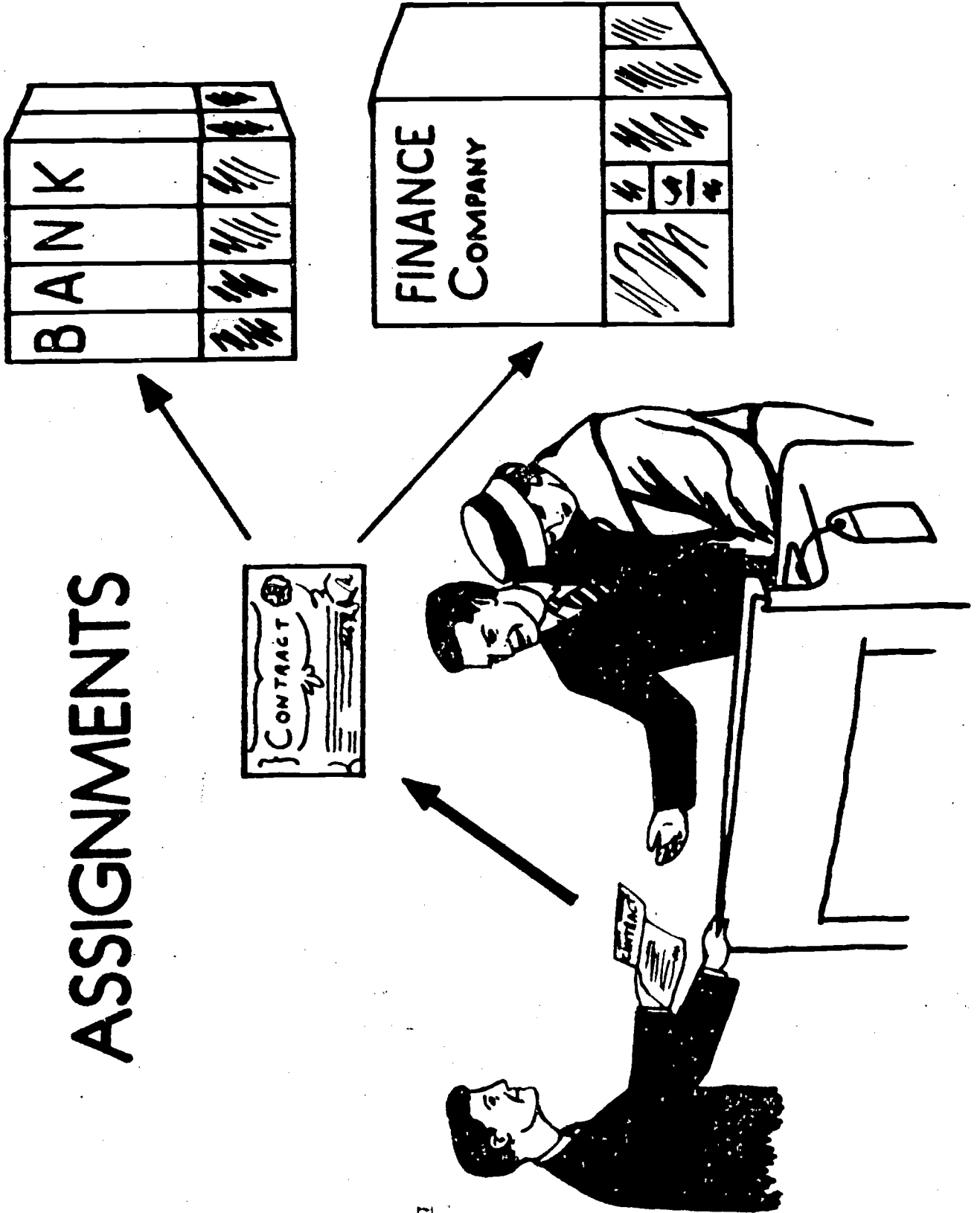


# RESCISSION

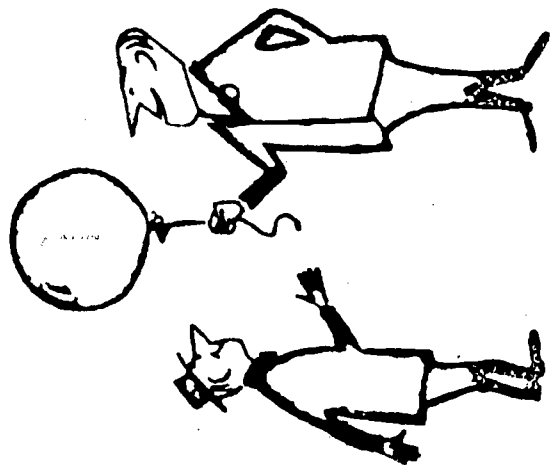
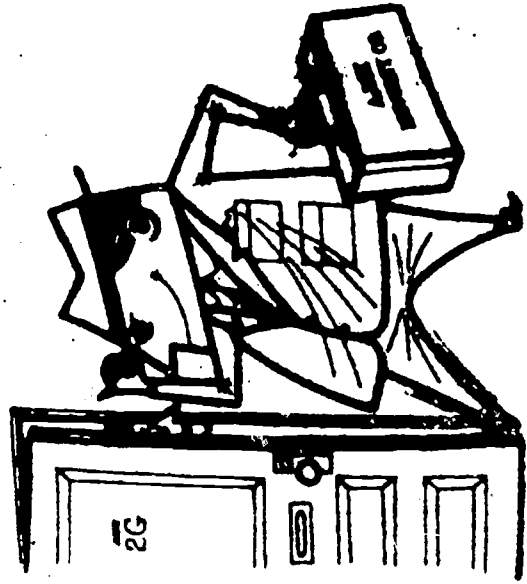
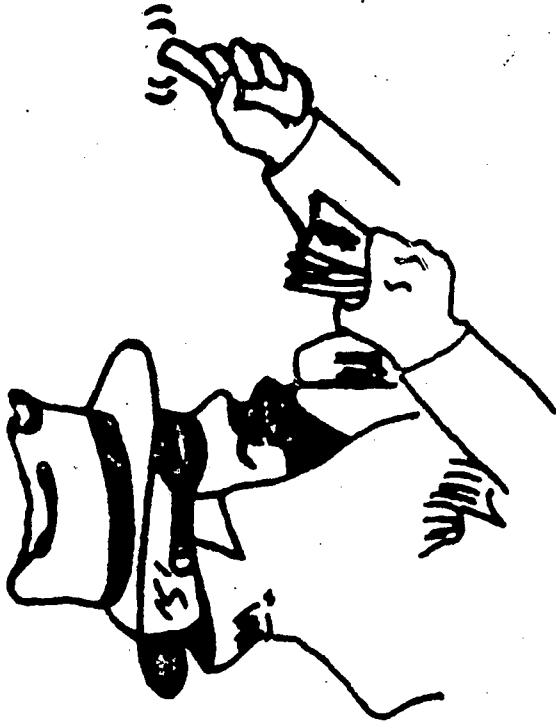
JULY						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	



# ASSIGNMENTS



# CURBING SOME ABUSES



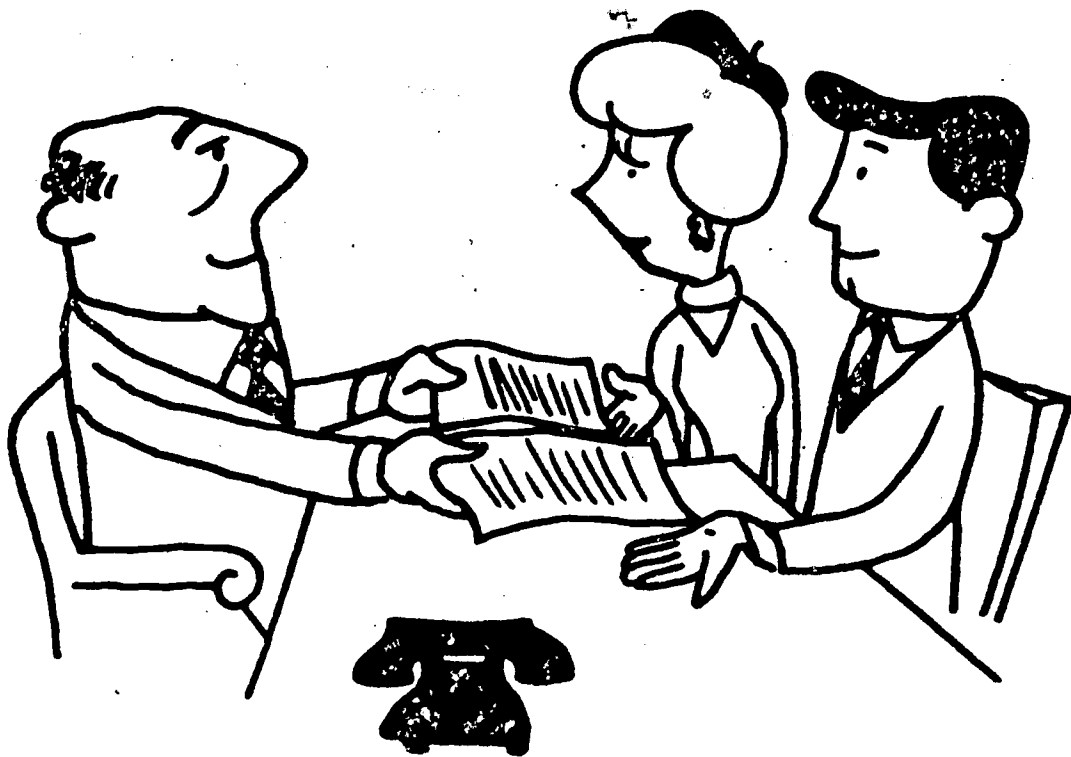


For a discount, would you give me the names of five prospective customers?

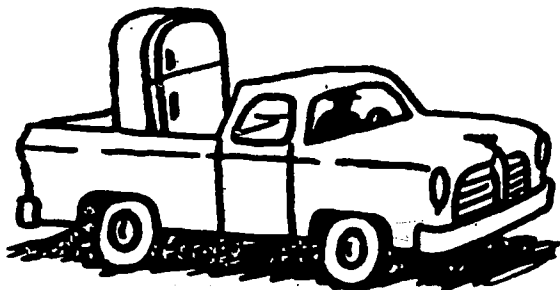




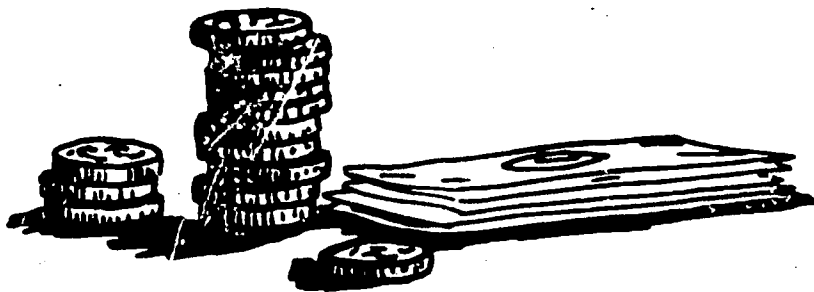
# MULTIPLE AGREEMENTS PROHIBITED

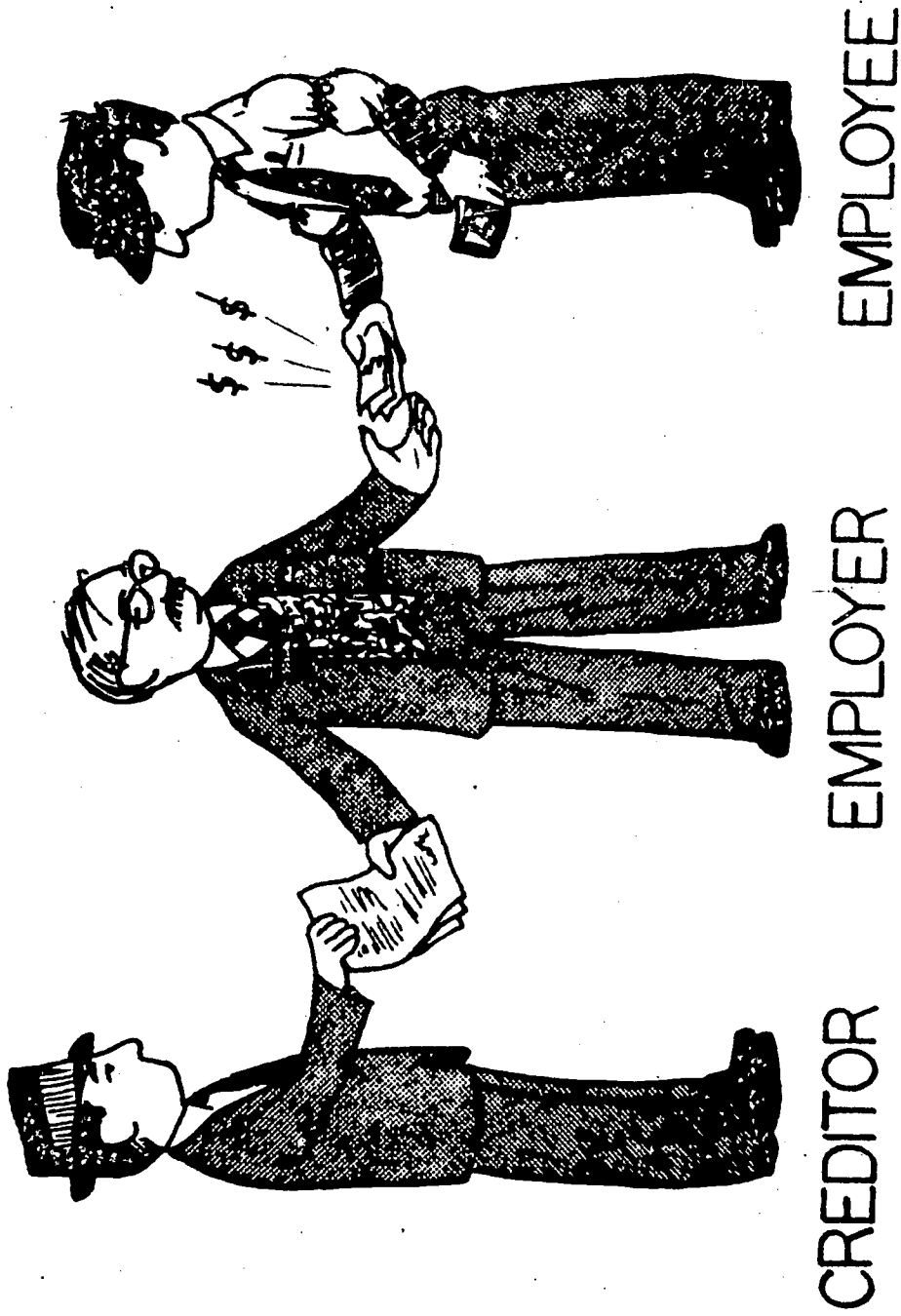


# REPOSSESSIONS

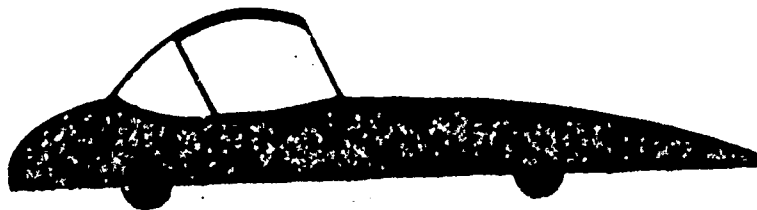


OR





# ANNUAL NEW CAR SPECIAL



**3000 FOR \$95.20 MONTHLY**  
(36 Months)

AMOUNT FINANCED	NO. OF AMOUNT PAYMENTS	AMOUNT OF MONTHLY PAYMENTS <small>(Approximately)</small>	DEFERRED PAYMENT PRICE	ANNUAL PERCENTAGE RATE	COST PER \$100.00 PER YEAR
\$1,500.00	18	\$ 89.27	\$1,608.88	8.82%	4.75
1,500.00	24	68.43	1,842.50	8.84%	4.75
2,000.00	24	91.25	2,190.00	8.84%	4.75
2,000.00	36	63.47	2,285.00	8.84%	4.75
3,000.00	30	111.87	3,356.25	8.84%	4.75
<b>3,000.00*</b>	<b>36</b>	<b>95.20</b>	<b>3,427.50</b>	<b>8.86%</b>	<b>4.75</b>

Credit Life and Disability Insurance Available

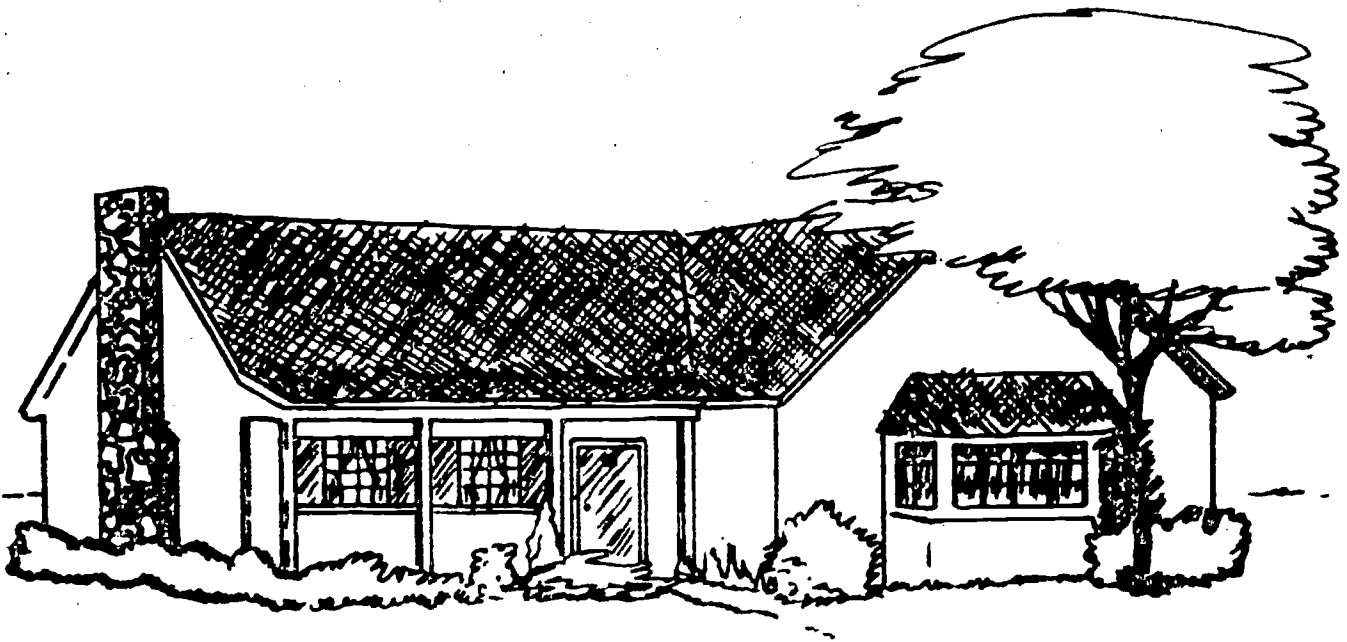
Don't delay . . . Phone or come in today. Arrange your **FIRST LOW COST AUTO LOAN** in advance, then buy the auto of your choice. **FIRST NATIONAL** is **FIRST** again to lower new car rates so low you cannot afford not to take advantage of this special offer. Some may match our rate but as always — **BIG** things come **FIRST** from . . .

MEMBER F D I C.



**NATIONAL BANK  
AND TRUST COMPANY**  
STILLWATER, OKLAHOMA

# REAL ESTATE



1. Does not have to show dollar amount of finance charge.
2. May cancel within three business days if home is used as collateral.
3. First mortgage carries no right to cancel.

YOU AND THE NEW CREDIT LAWS

Use Illustration

Say

1

The Oklahoma Uniform Consumer Credit Code (House Bill 1001) should be of interest to you if you ever use credit. The purpose of the Uniform Consumer Credit Code is to let you, the buyer, know the cost of credit in order that you can compare costs and avoid the uninformed use of credit. For the first time, you the consumer can shop for credit with relative ease.

2

The finance charge and the annual percentage rate are keys to credit shopping. The law requires that both must be told in a meaningful and a uniform manner when there is an extension of credit in connection with the sale or lease of goods for family, personal, household or agricultural purposes, or for a loan of money for such purposes, so long as the sale, lease or loan does not exceed \$25,000. However, all real estate for the above purposes is covered regardless of the amount.

3

By law, the creditor must not only tell you the dollar cost of the finance charge (the total of all charges which the consumer must pay, directly or indirectly for obtaining credit) and the annual percentage rate (the ratio of the finance charge to the amount financed) but he must also tell you.

- \* the cash price,
- \* the total amount financed,
- \* when the credit service charge or loan finance charge begins,
- \* the number, amount and due dates of your payments,
- \* the total number of payments,
- \* penalties for default or late payment,
- \* a description of any property to which security interest relates.

Finally a copy of this disclosure statement must be given to you. (Remember, never sign any contract if you don't understand it or if there are items that have been left blank.)



3  
(con't)

If a creditor fails to disclose any required information, he is liable to you for an amount not less than \$100 or more than \$1,000, if legal action is brought against the creditor within one year. However, the creditor has 15 days after an improper disclosure to contact you and properly disclose the terms of the transaction and avoid action unless the action has already been started within that time. The creditor is not liable under this rule if he shows evidence that the violation was not intentional, and that he had used procedures reasonably expected to avoid the error.

If you are successful in your action against the creditor, you are entitled to the costs of the action together with reasonable attorney's fees as determined by the courts.

The Credit Service Charge or Loan Finance Charge is the sum of all charges the creditor requires you to pay to obtain credit, including any of the following charges if applicable:

1. time-price differential
2. service, transaction, activity and other carrying charges
3. points, finder's fees
4. appraisal and credit report fees
5. cost of credit life, accident and health or loss of income insurance
6. premiums for other types of insurance
7. expense involved in selling note or contract.

4

The Oklahoma Law sets maximum rates that can be charged. (The maximum rate does not have to be charged). The federal law sets no maximum rates.

5

The rate (figured by the actuarial methods) may not be more than 30% on the first \$300; 21% on the amounts above \$300 to \$1,000; 15% on amounts over \$1,000; or an overall single rate of 18%.

81

The Uniform Consumer Credit Code provides for alternate rates on cash loans of \$100 or less. The following charges may be made:

- a. one dollar charge may be made for each \$5 cash advanced up to and including \$29.99,
- b. an acquisition charge of 10% of the loan and an instalment account handling charge of \$3 per month may be made on loans of \$30 up to and including \$35,
- c. a 10% acquisition charge and a \$3.50 per month instalment account handling charge may be made on loans of \$35 to \$70,
- d. an acquisition charge of 10% of the loan and an instalment account handling charge of \$4 per month may be made on loans in excess of \$70 but not over \$100.

6

The maximum terms of loans made under this provision of the law shall be one month for each \$10 advanced up to a maximum of ten months. (A \$100 loan for ten months would cost the borrower \$10 for the acquisition charge and \$40 in instalment account handling charges or a total finance charge of \$50).

No other charges may be made on loans under this provision of the law. The acquisition charge is not subject to rebate; however, the account handling charge is subject to rebate.

The law allows for certain minimum charges. On loans and sales which do not exceed \$75, a \$5 finance charge may be made, and if the transaction exceeds \$75, a \$7.50 finance charge may be made, and in such cases the creditor need not disclose what items make up the finance charge.

7

The finance charge for revolving accounts is not to be more than 1 1/2% per month on the unpaid balance, or 18% annually.

8

82

8  
(con't)

The regular monthly billing statement must contain an itemized accounting of all transactions during the billing period, plus a breakdown of the finance charge and rates, and special fees used to compute the charge.

The method of computing charges must be explained on the statement. Most companies apply their charges to the balance after all payments and credits made during the billing period have been deducted. Others, however, apply their credit charge to the previous balance without deducting payments or credits.

In the event of excess charges, you may demand a refund or proper credit. If the creditor fails to make the refund within a reasonable time, you are entitled to an amount equal to the finance charge or ten times the excess charge, with a minimum of \$100 and a maximum of \$1,000.

9

A delinquency charge may be made on any instalment not paid in full within ten (10) days after the due date. The delinquency charge shall not be more than:

- a. five dollars (\$5), or five per cent of the unpaid amount of the instalment, or
- b. the deferral charge that would be permitted to defer the unpaid amount of the instalment for the period that is overdue.

A delinquency charge may be collected only once on an instalment regardless of how long it remains unpaid. Other payments made will be applied first to the current instalment and then to the delinquency instalments.

10

You have the right to prepay the unpaid balance of a consumer credit sale or loan, to refinance or consolidate at any time without penalty on contracts entered into after July 1, 1969. In prepaying loans, be sure to ask for unearned charges. The unearned loan finance charge or credit service charge must be returned to the debtor, providing the refund is more than \$1. However, the lender is permitted a minimum charge.

You have three business days in which to change your mind (rescind) on transactions which may result in a lien being placed on your home or land which you expect to use for your residence.

These transactions include the furnishing of goods and services or the advancing of money. This sale may be rescinded at no cost to you.

11

The lender must provide you with two copies of a special form outlining your rights. To cancel, you need to sign and date the notice and return to the lender. The transaction may also be rescinded by letter or telegram.

The lender is required to return the down payment or deposit within ten days after he receives the cancellation notice.

You are to pay the original creditor until notified (in writing) that your note or contract has been sold to another creditor for collection. You are entitled to a 30-day notice, and during this time you may notify the creditor of any objections you have to the assignment of the note or contract.

12

You have three business days to cancel a sale made at your home. Cancellation occurs when you give written notice of cancellation to the seller. The seller may charge a cancellation fee of five per cent (5%) of the cash price, but not exceeding the amount of the cash down payment.

13

You may not cancel a home solicitation sale if you have requested goods or services because of an emergency. Neither can you cancel if in the case of goods, the goods cannot be returned in substantially as good condition as when received by you.

The seller must, within ten (10) days after a cancellation of a home solicitation sale, return to you any payments made and any evidence of indebtedness.

84

13  
(con't)

Any goods included in the down payment must be returned in substantially as good condition as when received by the seller.

You must, within a reasonable time after the cancellation of a home solicitation sale, upon demand return any goods delivered to you by the seller. However, you are not obligated to return the goods at any point other than your home.

The goods become your property if the seller fails to demand possession of them within a reasonable time (40 days) after the cancellation. However, you have a duty to take good care of the goods in your possession before and for a reasonable time after cancellation.

In case of an emergency, you may waive your cancellation rights.

The Code prohibits extortionate credit transactions known as "loan-sharking".

Penalties of up to \$5,000 in fines and one year imprisonment are provided for making extortionate extension of credit, collecting or trying to collect on a loan with threats or violence or financing credit extortion. An annual rate above 45% is considered an extortionate charge for credit when collection methods are accompanied by threats of violence.

Balloon payments on consumer credit sales are not expressly prohibited. If any scheduled payment is more than twice as large as the average of earlier scheduled payments, the buyer has the right to re-finance the amount of that payment at the time it is due without penalty. The terms of the refinancing shall be no less favorable than the original sale.

These terms do not apply if the payment schedule has been adjusted to your seasonal or irregular income.

- 14 Referral sales in which a seller offers you a discount, rebate or other benefits from events which may take place in the future are prohibited.
- If you are induced to enter into such an agreement, the agreement is void. You may cancel the agreement and retain the goods delivered to you and the benefits of any services performed, without any obligation to pay.
- 15 A seller who sells goods on credit to you in more than one sale may secure the debts arising from each sale by a cross-security interest in the other goods only if he already has security interest in the goods.
- If you have purchased a refrigerator and have \$50 more to pay on it when you decide to buy a television set from the same dealer, a new contract is written for the television set. The next \$50 goes toward the refrigerator and if payments cannot be met on the television set the dealer cannot take title to the refrigerator. That contract is closed.
- Payments made on revolving charge accounts are applied to the goods and services in the order in which the purchases were made.
- A payment is applied first to the smallest debt if the debt is the result of two or more purchases on the same day.
- 16 A seller may not use more than one agreement with the intent to obtain a higher credit service charge than would otherwise be permitted. If you desire to borrow \$600, two \$300 loans could not be made. One \$600 loan would be made.
- 17 The creditor has the option on default of repossessing the goods or suing for the amount due, but he cannot do both. This applies to consumer sales with an original selling price of \$1,000 or less.

The seller or lender must get court permission (obtain judgment) before taking wages for debt arising from a consumer credit sale, a consumer lease, or a consumer loan.

Under the new law, the debtor is assured a minimum wage which will remain free of garnishment. The amount that may be garnished is limited to the lessor of:

- a. twenty five per cent (25%) of his disposable earnings (earnings after legal withholdings are made) for that week; or,
- b. that amount by which his disposable earnings for that week exceed thirty (30) times the federal minimum hourly wage in effect at the time the earnings are payable.

18

An employer cannot discharge a person because of garnishments until served with garnishment summons the third time in one year.

If the employer discharges the employee in violation of this section of the Code, the employee may within 30 days bring civil action for recovery of wages lost as a result and for an order requiring reinstatement. Recoverable damages may not exceed lost wages for six weeks.

False or misleading advertising is prohibited by the Uniform Consumer Credit Code.

19

The Code provides that advertising is misleading if an advertisement states the rate of finance charge and does not express it as an annual percentage rate.

An advertisement which states the dollar amounts of the finance charge or instalment payment must also state the rate of any finance charge and the number and amount of the instalment payments if it is to comply with the law.

87

All real estate credit in any amount is covered under the Uniform Consumer Credit Code when it is to an individual and not for business purposes, unless the business purpose is agricultural.

Three special provisions apply to real estate credit:

20

1. The lender does not have to show the total dollar amount of the finance charge or a credit sale on first mortgage loan to finance the purchase of the consumer's dwelling.
2. The consumer has the right to cancel a credit arrangement within three business days if the real estate used as collateral for credit is his residence or is intended to be used as his residence.
3. A first mortgage to finance the purchase of a consumer's residence carries no right to cancel.



This presentation along with the transparencies, was prepared by the Department of Consumer Affairs, State of Oklahoma. The information was drawn from FAMILY LIVING TOPICS, "You and the New Credit Laws," by Dorothy G. Blackwell, Home Management Specialist, Oklahoma State University. This presentation is used by the Department of Consumer Affairs to explain the Oklahoma Uniform Consumer Credit Code. Its use for consumer education in classrooms is encouraged. Some teachers may wish to use the presentation as is, or they may wish to use parts as the develop lesson plans.



NOTIFICATION RECEIPT 1970

NOTIFICATION RECEIPT  
Department of Consumer Affairs  
State of Oklahoma

83

TEST

YOU AND THE NEW CREDIT LAWS

MATCHING

- |                        |                            |
|------------------------|----------------------------|
| A. Right to prepay     | N. Time-price differential |
| B. Excess charges      | O. Finder's fees           |
| C. Improper disclosure | P. Credit service charge   |
| D. Recission agreement | Q. Annual percentage rate  |
| E. Assignment          | R. Finance charge          |
| F. Home solicitation   | S. Creditor                |
| G. Referral sales      | T. Credit life             |
| H. Delinquency charge  | U. Misleading advertising  |
| I. Multiple agreements | V. Cross collateral        |
| J. Loan-sharking       | W. UCCC                    |
| K. Balloon payments    | X. Three                   |
| L. Repossession        | Y. Eighteen                |
| M. Garnishment         |                            |

- M 1. Withholding the earnings of an individual for the payment of a debt.
- K 2. Scheduled payments that are more than twice as large as the average of earlier scheduled payments.
- I 3. Using more than one agreement with the intent of obtaining a higher credit service charge.
- V 4. Using goods not yet paid for from a previous sale as security for a present sale.
- F 5. The purchase of goods or services in your home.
- D 6. The agreement which allows you to change your mind on transactions which may result in a lien against your home.
- B 7. Exceedingly high interest rate.
- A 8. The right to pay off a loan before the due date.
- C 9. The failure of a creditor to tell the borrower of required information.
- E 10. The sale of a credit agreement to another creditor for collection.
- J 11. Collecting by use of threats or violence and charging excessive interest rates.
- L 12. Reclaiming of goods by the creditor for failure to pay.

- G 13. Sales in which a seller offers you a discount or rebate for a list of prospective customers.
- H 14. Charge for late payment.
- O 15. Extra sums figured as a percentage of the loan amount and charged in a lump sum.
- N 16. Any difference between the price of an item sold for cash and the same item sold on credit.
- P 17. The sum of all charges the creditor requires you to pay to obtain credit.
- S 18. One who arranges for credit to be given.
- R 19. The total of all charges which you must pay for credit.
- Q 20. The ratio of the finance charge to the amount financed.
- T 21. Insurance to pay off the loan if you die or become permanently disabled.
- U 22. An advertisement which states the dollar amount of the finance charge but does not state the finance charge as an annual percentage rate.
- W 23. Abbreviated title for the Oklahoma Uniform Consumer Credit Code.
- Y 24. The maximum annual percentage rate for revolving charge accounts.
- X 25. The maximum number of business days in which you may cancel a sale made in your home.

#### COMPLETION

1. The finance charge for revolving accounts is not to be more than 1 1/2 per cent per month on the unpaid balance, or 18 per cent annually.
2. A charge for late payment is known as delinquency charge.
3. How many times may a delinquency charge be collected? once
4. Under the Uniform Consumer Credit Code, a consumer has the right to prepay. What does this mean?
5. If you are charged too much for credit, can you, the consumer, get a refund? How?

6. Explain what the words improper disclosure mean to you.
7. How long does a consumer have to change his mind on a credit purchase?
8. When a contract is assigned to another creditor, what are your rights as a consumer on the assignment?

PAGES 25-97a OF THIS DOCUMENT HAVE BEEN  
REMOVED BECAUSE THEY CONTAINED COPYRIGHTED  
MATERIAL.

DELETED MATERIAL: APPENDIX D

"The Santa Claus That Makes You Pay",  
Business Week, (December 20, 1969), pp. 76-79.

"Those 'Charge Anything Anywhere' Credit Cards",  
Changing Times, (March, 1970), pp. 6-10.

"Wooing the 'Dimply, Pimpily'", by Charles and  
Bonnie Remsberg. New York Times Magazine,  
(Sunday, June 5, 1966).

# U.S. News & World Report

WASHINGTON

2300 N STREET, N.W. · WASHINGTON, D. C. 20037

October 2, 1970  
AIR MAIL

Mrs. Eunice Judd  
Oklahoma City Public Schools  
900 North Klein  
Oklahoma City, Oklahoma 73106

Dear Mrs. Judd:

Thank you for your letter of September 30.

We regret that we cannot give you permission to reprint the article, "Why The Worry Over Credit Cards," from our November 24, 1969 issue. Under our rules, we do not permit any reproduction or reprinting of our material except in the news or editorial columns of newspapers or other regularly published periodicals.

You may be interested to know that you can obtain copies of the complete issue in which the article appeared. They are available at the bulk rate of 40 cents each on orders of ten or more copies; 25 cents each for 100 or more copies. If these would serve your purpose, let me know and I'll be glad to pass your order on to our Circulation Department.

We are sending 10 copies to you under separate cover with our compliments.

Sincerely yours,

BEST COPY  
AVAILABLE



Audrey L. Forbes  
Manager, Reader Service

ALF:aw

APPENDIX E

Statistics from the United State District Court, Western District of Oklahoma. Total Bankruptcies, 1969 and January 1 through May 31, 1970.

Rollins, R. L., 'Helping People Help Themselves', Oklahoma Consumer Finance Association, Inc., Oklahoma City, Oklahoma.

Baggett, Bryce A., The Oklahoma Version of the Uniform Consumer Credit Code, Quarterly Report, pp. 79-84.

UNITED STATES DISTRICT COURT  
Western District of Oklahoma  
Office of the Clerk  
Oklahoma City, Oklahoma 73102

REX B. HAWKS  
Clerk

Western District - Oklahoma City

Alfalfa	Jackson
Beaver	Jefferson
Beckham	Kay
Blaine	Kingfisher
Caddo	Kiowa
Canadian	Lincoln
Cimarron	Logan
Cleveland	Major
Comanche	McClain
Cotton	Noble
Custer	Oklahoma
Dewey	Payne
Ellis	Pottawatomie
Garfield	Roger Mills
Garvin	Stephens
Grady	Texas
Grant	Tillman
Greer	Washita
Harmon	Woods
Harper	Woodward
	Total of 40 counties

TOTAL BANKRUPTCY CASES FILED IN THE WESTERN  
DISTRICT OF OKALHOMA FOR THE YEARS LISTED  
BELOW:

1969.....1,760 cases  
1970.(January 1 - May 31.....874 cases



## "HELPING PEOPLE HELP THEMSELVES"

by

R. L. Rollins

It was a little over two years ago when twenty-six Oklahoma City business and civic leaders incorporated the "Consumer Credit Counseling Service of Central Oklahoma, Inc.". At that time, the incorporators of the non-profit new counseling service set forth specific objectives and functions for the new organization. First, it was to be an agency for advising and counseling on budgeting and family money management. Second, it was supposed to help persons with acute debt problems develop a plan for liquidation, within their means, with the cooperation of the creditors, thus helping people help themselves. Third, it was charged with the responsibility to help prevent debt problems by fostering education on the use of credit, on budgeting, and on family money management.

As of April 1, 1970, the service had been in operation exactly twenty-seven months. To what extent has the organization filled its objectives? How well has it been accepted by the community? What are its accomplishments? What about the future of the organization?

### BANKRUPTCIES DOWN

Perhaps the response to the first two questions is answered by the dramatic decrease in the number of bankruptcies during the past two years. The bankruptcy rate dropped 10% during the first year of the counseling service's operation, and dropped an additional 15% during the past 12 months. Judge William T. Billips, referee in bankruptcy, attributed this local drop in bankruptcies to the Consumer Credit Counseling Service of Central Oklahoma, Inc. He further reinforced the statement by commenting: "Bankruptcies have been going up for years, but now they are going down." This is indeed wonderful testimony to the viability of this young organization. Mr. R. P. Chancellor, the Executive Director of the counseling service and chief architect of its first two years of operation, set forth the service's accomplishments in these terms: From January 1, 1968 through April 1, 1970, over two thousand families with debt problems have been counseled; one thousand three hundred started on proration payment programs; twenty-five withdrew and filed bankruptcy; and three hundred eighty families are currently in active proration. Certainly, this overwhelming response from people with money management problems indicates a real need for the services of the Oklahoma City based counseling service. Just as significant to the local creditors and others who extend credit is the fact that the total debts owed by those people now in proration amounts to slightly over one million dollars. Funds

97

already dispersed to creditors during the past two years amount to over one and one half million dollars. The data speaks for itself.

By any benchmark one wishes to apply, the counseling service has not only been well received by hundreds of people in financial difficulty, the leadership of the community, and government officials, it has also far surpassed the dreams of those who were privileged to launch the organization.

#### FUTURE OF SERVICE

What about the future? Like most other credit counseling services located in major cities throughout the United States, the Oklahoma City operation makes its services available to debt-troubled consumers for a very nominal fee. This charge in Oklahoma City amounts to a very small percentage of the cost of rendering the service. A large bulk of the finances required in the operation of the service comes from a fee charged to creditors. The fee charged creditors is a one dollar per check fee up to twenty-five dollars, and a two dollar fee for checks in excess of twenty-five dollars, both of which are deducted prior to distribution to the creditors. For this kind of fee to provide adequate financing for the organization, it is absolutely essential that all creditors, including doctors, believe in and support the concept of the counseling service. Of the one and one half million dollars distributed to creditors in the Oklahoma City area during the past two years, over seven per cent, or over one hundred thousand dollars, has been distributed to doctors and hospitals. Because of the relatively large stake that doctors have in this operation, it is important that they be aware of the value of such a service to the community. For the most part, responsible credit grantors in the community have cooperated in an excellent manner during its first two years of existence. However, some short-sighted creditors have not only objected to the nominal fee charged, but have actually demanded that their customers pay the charge themselves. This practice reflects negatively not only on the creditors, but worse, it tears down all the positive good will built for the counseling service. The entire credit community, including doctors, has a vast stake in the success of the consumer credit counseling service. At a time when "consumerism" is the movement of the day, those involved in the extension of credit must put forth responsible programs to counteract more government regulation.

Bob L. Rollins  
Oklahoma Consumer Finance  
Association, Inc.  
720 Leonhardt Building  
228 Robert S. Kerr Avenue  
Oklahoma City, Oklahoma 73102

PAGES 102-108 OF THIS DOCUMENT HAVE BEEN  
REMOVED BECAUSE THEY CONTAINED COPYRIGHTED  
MATERIAL.

Deleted Material: "The Oklahoma Version of the Uniform  
Consumer Credit Code," by Bryce A. Baggett.  
Excerpt from the Personal Finance Law  
Quarterly Report, Summer 1969 issue.

APPENDIX F

Suggestions for Bulletin Board Displays

LET'S BUY A CAR

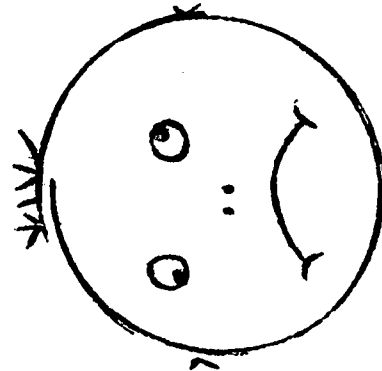
LIABILITIES

ASSETS

COST OF OPERATION

RISK

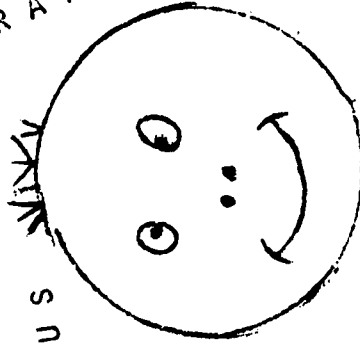
COST



INSURANCE

FINANCES  
CHARGES  
OPERATION

TRANSPORTATION

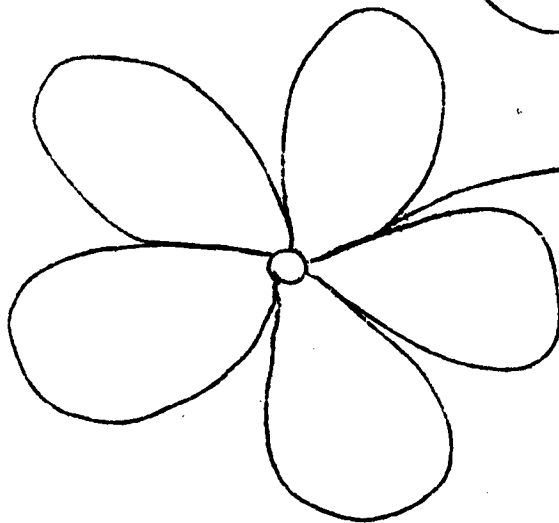
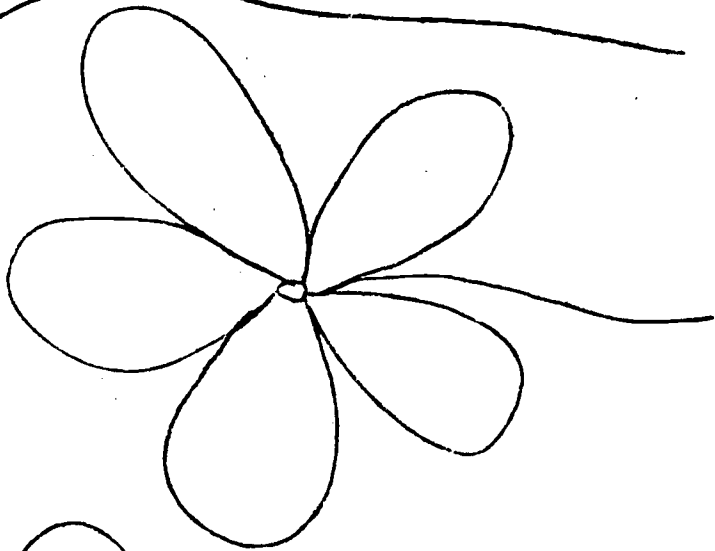
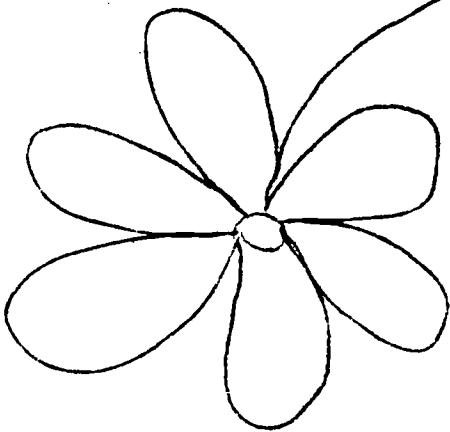
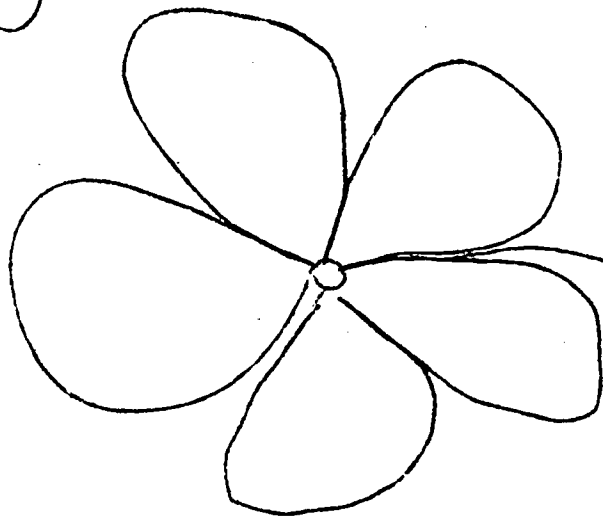
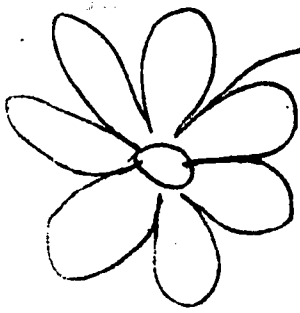


ACCEPTANCE  
OF  
MATURITY!

PRESTIGE

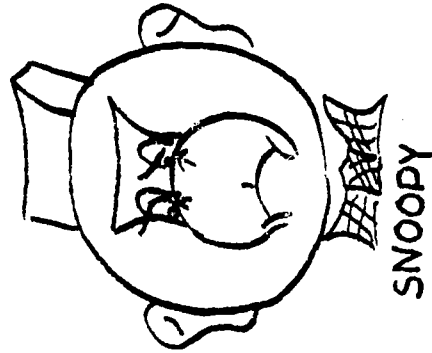
YOUR OWN WHEELS

Daisies Won't  
TELL.....

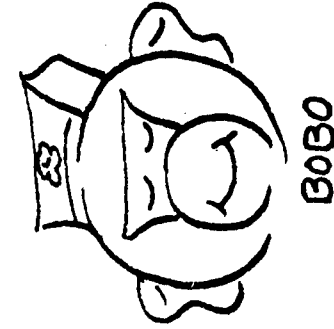


you about  
CREDIT!

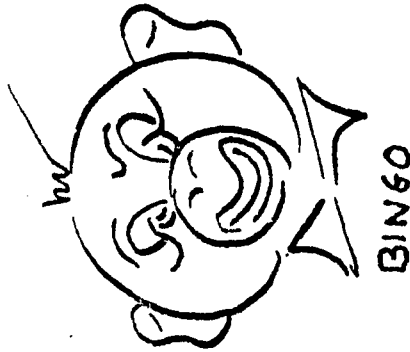
# MONKEY BUSINESS



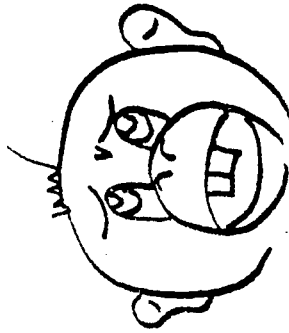
LOOK INTO  
CREDIT  
LIKE SNOOPY...  
KNOW YOUR  
RIGHTS AS A  
BUYER



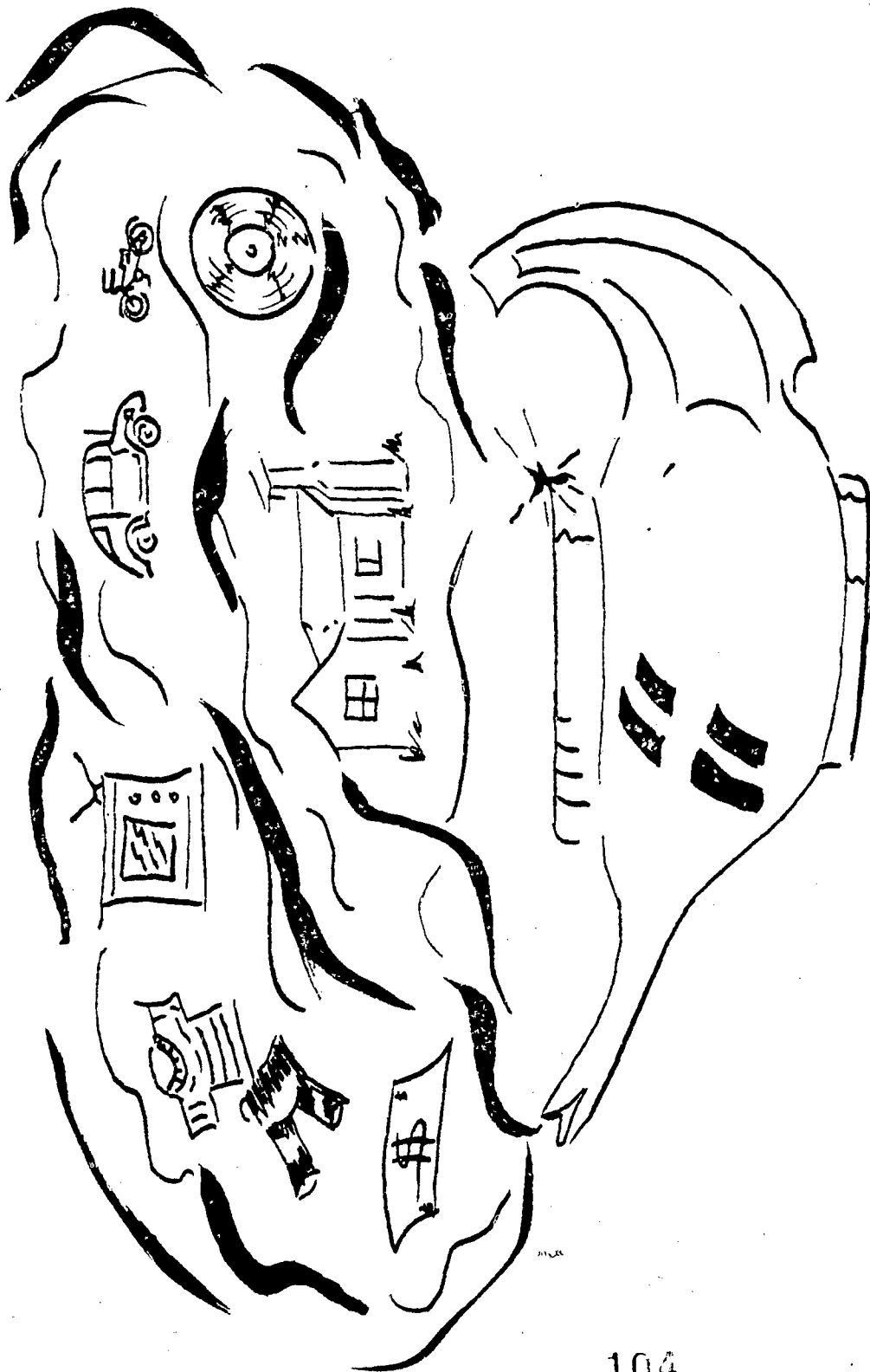
DON'T BE A  
BOOB LIKE  
BOBO...  
USE YOUR  
HEAD



BINGO!  
YOU'LL BE  
OK



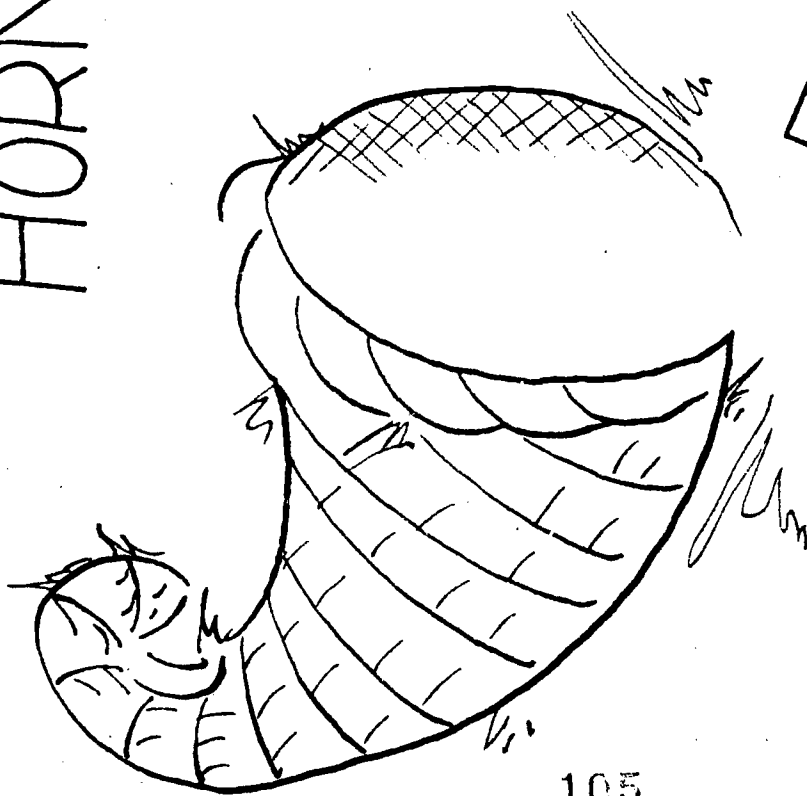
DON'T CLOSE YOUR  
EYES LIKE  
JOCKO...KNOW  
WHAT YOU  
ARE  
BUYING



LET US ALL BE HAPPY AND LIVE WITHIN OUR MEANS,  
EVEN IF WE HAVE TO BORROW THE MONEY TO DO IT...  
ARTEMUS WARD



# HORN OF PLENTY



MONTGOMERY  
WARDS

BANKAMERICARD

SEARS

PENNEY'S

MASTERCARD

TEXACO

MOBIL

JOHN A. BROWN

PHILLIPS 66

Follow the Signs →

Good  
Credit  
Rating

Wise  
Credit  
Shopping

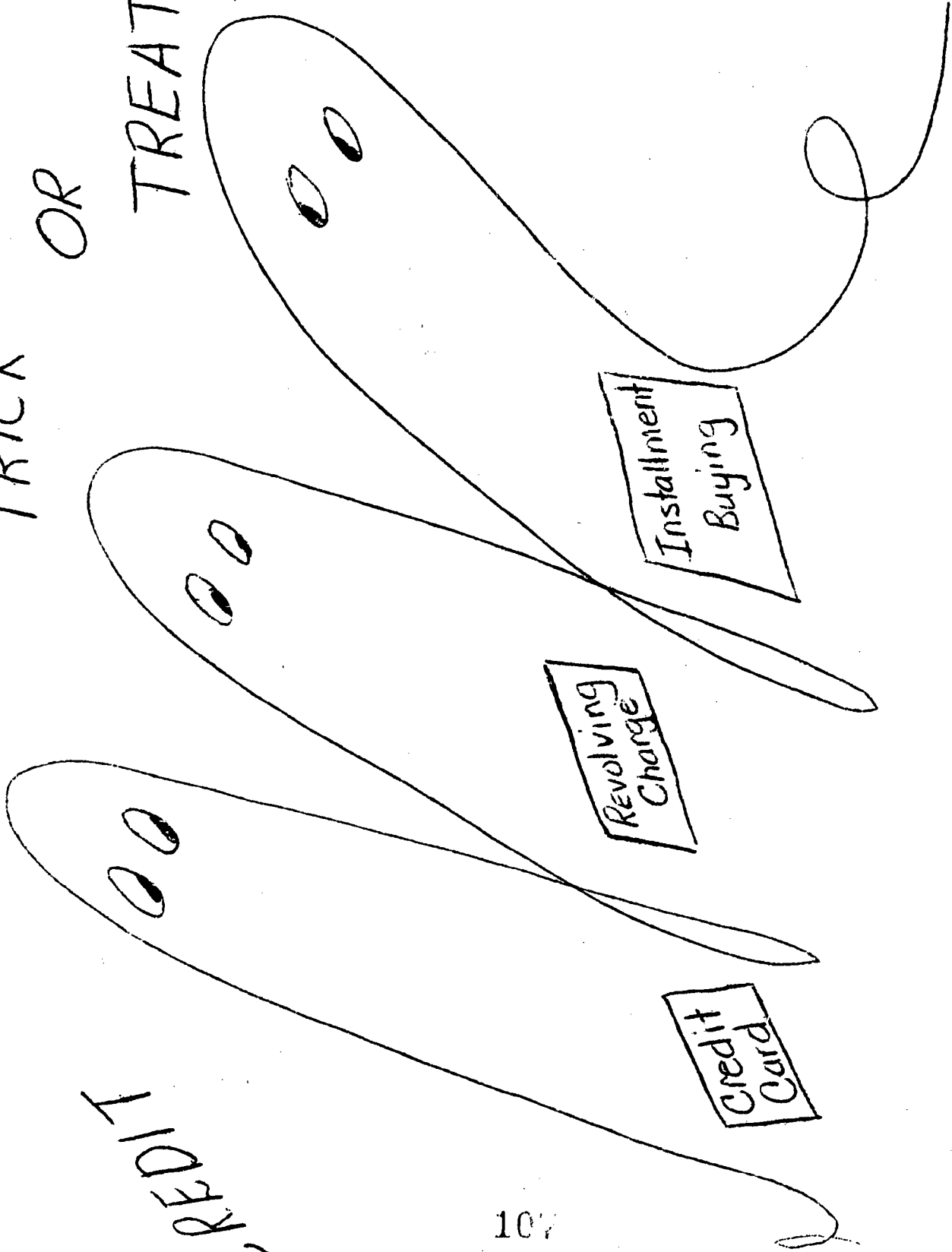
Wise Use  
of  
Credit Card

Your  
Income

HAPPINESS

Which Lead to →

TRICK  
OR  
TREAT



CREDIT

STOP!

Compare interest rate

CAUTION!

Look for reliable outlet

GO!

with the best deal

