

As Introduced

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H. B. No. 333

Representatives Batchelder, Hagan, R.

**Cosponsors: Representatives Foley, Collier, Ujvagi, McGregor, J., Wolpert,
Brinkman, Fende, Stebelton, Harwood, Bolon, Otterman, Webster, Healy,
Mallory, Stewart, D., Gerberry, Yuko, Letson, Koziura, Celeste, Sykes, Sayre,
Williams, B., Goyal, Barrett, Budish, Dyer, Boyd**

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A B I L L

To amend sections 135.63, 1315.35, 1315.36, 1315.39, 1
1315.40, 1315.41, 1321.13, 1321.131, 1349.72, and 2
1733.25 and to enact sections 135.68, 135.69, 3
135.70, and 1315.45 of the Revised Code to 4
prohibit a check-cashing business from making a 5
loan to a borrower who has an outstanding loan 6
with any check-cashing licensee, to create a 7
statewide database of loans by check-cashing 8
licensees, to modify the terms for making a loan 9
under the check-cashing loan act, to create a 10
small loan linked deposit program, to expand the 11
responsibilities of the consumer finance education 12
board to promote small loan counseling and 13
education for borrowers, and to eliminate a 14
certain credit union lending option. 15

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 135.63, 1315.35, 1315.36, 1315.39, 16
1315.40, 1315.41, 1321.13, 1321.131, 1349.72, and 1733.25 be 17

amended and sections 135.68, 135.69, 135.70, and 1315.45 of the Revised Code be enacted to read as follows:

Sec. 135.63. The treasurer of state may invest in linked deposits under sections 135.61 to 135.67, small loan linked deposits under sections 135.68 to 135.70, agricultural linked deposits under sections 135.71 to 135.76, housing linked deposits under sections 135.81 to 135.87, and assistive technology device linked deposits under sections 135.91 to 135.97 of the Revised Code, provided that at the time of placement of any linked deposit under sections 135.61 to 135.67 of the Revised Code, small loan linked deposit, agricultural linked deposit, housing linked deposit, or assistive technology device linked deposit, the combined amount of investments in the linked deposits, small loan linked deposits, agricultural linked deposits, housing linked deposits, and assistive technology device linked deposits is not more than twelve per cent of the state's total average investment portfolio as determined by the treasurer of state. When deciding whether to invest in the linked deposits, small loan linked deposits, agricultural linked deposits, housing linked deposits, or assistive technology device linked deposits, the treasurer of state shall give priority to the investment, liquidity, and cash flow needs of the state.

Sec. 135.68. As used in sections 135.68 to 135.70 of the Revised Code:

(A) "Eligible individual" means a person in this state.

(B) "Eligible lending institution" means a financial institution that is eligible to make loans, is a public depository of state funds under section 135.03 of the Revised Code, and agrees to participate in the small loan linked deposit program.

(C) "Small loan" means an extension of credit that does not

exceed eight hundred dollars, the duration of which is not less 48
than ninety days and six installments, and the interest on the 49
loan is calculated in compliance with 15 U.S.C. 1606, and does not 50
exceed an annual percentage rate of thirty-six per cent. For the 51
purpose of this section, annual percentage rate has the same 52
meaning as in section 1315.35 of the Revised Code. 53

(D) "Small loan linked deposit" means a certificate of 54
deposit placed by the treasurer of state with an eligible lending 55
institution at up to three per cent below current market rates, as 56
determined and calculated by the treasurer of state, provided the 57
institution agrees to lend the value of such deposit, according to 58
the deposit agreement provided for section 135.69 of the Revised 59
Code, to eligible individuals in the form of small loans. 60

Sec. 135.69. (A) An eligible lending institution shall enter 61
into a deposit agreement with the treasurer of state, which 62
agreement shall include requirements necessary to carry out the 63
purposes of sections 135.68 to 135.70 of the Revised Code. These 64
requirements shall reflect the market conditions prevailing in the 65
eligible lending institution's lending area. 66

(B)(1) The deposit agreement required by division (A) of this 67
section shall include provisions for certificates of deposit to be 68
placed for any maturity considered appropriate by the treasurer of 69
state not to exceed two years, but may be renewed for up to an 70
additional two years at the option of the treasurer of state. 71
Interest shall be paid at the times determined by the treasurer of 72
state. 73

(2) The deposit agreement required by division (A) of this 74
section may include a specification of the period of time in which 75
the lending institution is to lend funds upon the placement of a 76
linked deposit. 77

(C) Eligible lending institutions shall comply fully with 78

sections 135.68 to 135.70 of the Revised Code and with this 79
chapter. 80

(D) An eligible lending institution that desires to receive a 81
small loan linked deposit shall forward to the treasurer of state 82
a small loan linked deposit loan package, in the form and manner 83
as prescribed by the treasurer of state. The package required by 84
this section shall include such information as required by the 85
treasurer of state, including the amount of the loan requested. 86

(E) Upon the placement of a small loan linked deposit with an 87
eligible lending institution, the institution shall make small 88
loans, as defined in section 135.68 of the Revised Code, to 89
eligible individuals in accordance with the deposit agreement 90
required by section 135.69 of the Revised Code. 91

(F) An eligible lending institution shall certify compliance 92
with this section in the form and manner prescribed by the 93
treasurer of state. 94

Sec. 135.70. (A) The treasurer of state may accept or reject 95
a small loan linked deposit loan package or any portion of the 96
package required by section 135.69 of the Revised Code, based on 97
the treasurer's evaluation of the package and the amount of state 98
funds to be deposited. 99

(B) Upon acceptance of the small loan linked deposit loan 100
package or any portion of the package the treasurer of state may 101
place certificates of deposit with the eligible lending 102
institution at three per cent below current market rates, as 103
determined and calculated by the treasurer of state. However, when 104
necessary, the treasurer of state may place certificates of 105
deposit prior to acceptance of a small loan linked deposit loan 106
package. 107

(C) The treasurer of state shall take all steps, including 108

the development of guidelines, necessary to implement the small 109
loan linked deposit program established under sections 135.68 to 110
135.70 of the Revised Code and monitor compliance of eligible 111
lending institutions. 112

(D)(1) Annually, by the first day of February, the treasurer 113
of state shall report on the small loan linked deposit program 114
established under sections 135.68 to 135.70 of the Revised Code 115
for the preceding calendar year to the governor, the speaker of 116
the house of representatives, and the president of the senate. 117

(2) The report required by division (D)(1) of this section 118
shall set forth the small loan linked deposits made by the 119
treasurer of state under the program during the year and shall 120
include the following information: 121

(a) The number of small loans made by each eligible lending 122
institution pursuant to a small loan linked deposit, categorized 123
by United States postal zip code; 124

(b) A representation of the number or percentage of loans, 125
pursuant to each small loan linked deposit, that were paid late or 126
in default. 127

(3) The speaker of the house of representatives shall 128
transmit copies of the report required by division (D)(1) of this 129
section to the chairperson of the standing house of 130
representatives committee that customarily considers legislation 131
regarding financial institutions, and the president of the senate 132
shall transmit copies of the report to the chairperson of the 133
standing senate committee that customarily considers legislation 134
regarding financial institutions. 135

(E) The state and the treasurer of state are not liable to 136
any eligible lending institution in any manner for payment of the 137
principal or interest on a loan made under sections 135.68 to 138
135.70 of the Revised Code to an eligible individual. 139

(F) Any delay in payments or default on the part of an 140
eligible individual with respect to a loan made under sections 141
135.68 to 135.70 of the Revised Code does not in any manner affect 142
the deposit agreement between the eligible lending institution and 143
the treasurer of state. 144

Sec. 1315.35. As used in sections 1315.35 to 1315.44 of the 145
Revised Code: 146

(A) "Check-cashing business" has the meaning set forth in 147
section 1315.21 of the Revised Code. 148

(B) "Interest" means all charges payable directly or 149
indirectly by a borrower to a check-cashing business licensed 150
pursuant to sections 1315.35 to 1315.44 of the Revised Code as a 151
condition to a loan, ~~but does not include loan origination~~ 152
including fees, check collection charges, or other fees or charges 153
specifically authorized by law service charges, renewal charges, 154
credit insurance premiums, and any ancillary product sold in 155
connection with a loan made pursuant to sections 1315.35 to 156
1315.44 of the Revised Code. 157

(C) "Annual percentage rate" has the same meaning as in the 158
"Truth in Lending Act," 82 Stat. 149 (1980), 15 U.S.C. 1606, as 159
implemented by regulations of the board of governors of the 160
federal reserve system. All fees and charges, except those 161
authorized under section 1315.40 of the Revised Code, shall be 162
included in the computation of the annual percentage rate. Fees 163
and charges for single premium credit insurance and other 164
ancillary products sold in connection with the credit transaction 165
shall be included in the calculation of the annual percentage 166
rate. 167

(D) "Superintendent of financial institutions" includes the 168
deputy superintendent for consumer finance as provided in section 169
1181.21 of the Revised Code. 170

Sec. 1315.36. No person shall lend funds to a borrower in 171
Ohio as part of a check-cashing business shall engage in the 172
business of making loans under sections 1315.35 to 1315.44 of the 173
Revised Code, or, in whole or in part, make, offer, broker, or 174
assist a borrower in Ohio to obtain such a loan, through any 175
method including, but not limited to, mail, telephone, internet, 176
or electronic means, without first having obtained a license from 177
the superintendent of financial institutions under sections 178
1315.35 to 1315.44 of the Revised Code. 179

Sec. 1315.39. (A) A check-cashing business licensed under 180
sections 1315.35 to 1315.44 of the Revised Code may engage in the 181
business of making loans provided that each loan meets all of the 182
following conditions: 183

(1) The total amount of the loan does not exceed eight 184
hundred dollars. 185

(2) The duration of the loan does not exceed six months. 186

(3) The interest on the loan is calculated in compliance with 187
15 U.S.C. 1606, and does not exceed ~~the amount permitted by,~~ 188
division (B) of this section an annual percentage rate greater 189
than thirty-six per cent. 190

(4) The loan is made pursuant to a written loan contract that 191
sets forth the terms and conditions of the loan, and discloses in 192
a clear and concise manner all of the following: 193

(a) The total amount of fees and charges the borrower will be 194
required to pay in connection with the loan pursuant to the loan 195
contract; 196

(b) The rate of interest contracted for under the loan 197
contract, calculated both as an annual percentage rate based 198
solely on the principal of the loan and as an annual percentage 199
rate based on the sum of the principal of the loan and the loan 200

origination fee, check collection charge, and all other fees or charges contracted for under the loan contract;

(c) The total amount of each payment, when each payment is due, and the total number of payments that the borrower will be required to make under the loan contract;

(d) A statement, printed in boldface type of the minimum size of ten points, as follows: "WARNING: The rate of interest charged on this loan is higher than the average rate of interest charged by financial institutions on substantially similar loans."

(e) Any disclosures required under the "Truth in Lending Act," 82 Stat. 146 (1974), 15 U.S.C. 1601, et seq.

~~(5) The loan is not being made to a borrower for purposes of retiring an existing loan between the check-cashing business and that borrower, which existing loan was made pursuant to sections 1315.35 to 1315.44 of the Revised Code.~~

~~(B) A check-cashing business may contract for and receive interest at a rate of five per cent per month or fraction of a month on the unpaid principal of a loan made under sections 1315.35 to 1315.44 of the Revised Code. Any not deduct any unearned interest ~~shall not be deducted~~ from the proceeds of the ~~loan or paid in advance~~ a loan made pursuant to section 1315.35 to 1315.44 of the Revised Code, and interest shall be computed on the unpaid balance and shall not be compounded. If, after the first month of the loan contract, the loan is paid in full before the final date on which payment is due on the loan pursuant to the loan contract, the licensee shall refund or credit the borrower with the amount of the unearned interest for the unexpired period of the loan contract that follows the date of the borrower's payment in full.~~

(C) A check-cashing business shall verify a borrower's eligibility to enter into a loan by accessing a statewide database

pursuant to section 1315.45 of the Revised Code. 232

Sec. 1315.40. In addition to the interest authorized to be 233
contracted for and received pursuant to section 1315.39 of the 234
Revised Code, a check-cashing business licensed pursuant to 235
sections 1315.35 to 1315.44 of the Revised Code may charge, 236
collect, and receive the following fees and charges in connection 237
with a loan made under sections 1315.35 to 1315.44 of the Revised 238
Code: 239

~~(A) Loan origination fees not exceeding an amount equal to 240
five dollars per fifty dollars up to five hundred dollars of the 241
amount of the loan and three dollars and seventy five cents per 242
fifty dollars of the amount of the loan between five hundred one 243
and eight hundred dollars;~~ 244

~~(B) Check One collection ~~charges~~ charge per loan not 245
exceeding an amount equal to twenty dollars plus any amount passed 246
on from other financial institutions for each check, negotiable 247
order of withdrawal, share draft, or other negotiable instrument 248
returned or dishonored for any reason, provided that the terms and 249
conditions upon which check collection charges will be charged to 250
the borrower are set forth in the written loan contract described 251
in division (A)(4) of section 1315.39 of the Revised Code;~~ 252

~~(C)(B) Damages, costs, and disbursements to which the 254
check-cashing business may become entitled to by law in connection 255
with any civil action to collect a loan after default.~~ 256

Sec. 1315.41. No check-cashing business licensed pursuant to 257
sections 1315.35 to 1315.44 of the Revised Code shall do any of 258
the following: 259

(A) Violate section 1315.36 of the Revised Code; 260

(B) Make a loan that does not comply with division (A) of 261

section 1315.39 of the Revised Code;	262
(C) Charge, collect, or receive, directly or indirectly, any	263
additional fees or charges in connection with a loan, other than	264
fees and charges permitted by sections 1315.39 and 1315.40 of the	265
Revised Code and costs or disbursements to which the check-cashing	266
business may become entitled to by law in connection with any	267
civil action to collect a loan after default;	268
(D) Collect treble damages pursuant to division (A)(1)(b)(ii)	269
of section 2307.61 of the Revised Code in connection with any	270
civil action to collect a loan after a default due to a check,	271
negotiable order of withdrawal, share draft, or other negotiable	272
instrument that was returned or dishonored for insufficient funds;	273
(E) Make a loan to a borrower if there exists an outstanding	274
loan, <u>or a loan was terminated on the same business day,</u> between	275
the check-cashing business and that borrower <u>or any other</u>	276
<u>check-cashing business licensed under sections 1315.35 to 1315.44</u>	277
<u>and that borrower</u> and if the outstanding loan <u>or terminated loan</u>	278
was made pursuant to sections 1315.35 to 1315.43 of the Revised	279
Code;	280
(F) <u>Make a loan to a borrower that would cause the borrower</u>	281
<u>to be indebted to one or more check-cashing businesses in excess</u>	282
<u>of ninety days during the previous twelve months, considering all</u>	283
<u>loans by that borrower in the aggregate, including the term of the</u>	284
<u>proposed loan;</u>	285
(G) <u>Make a loan to a borrower for purposes of retiring an</u>	286
<u>existing loan between any check-cashing business and that</u>	287
<u>borrower, which existing loan was made pursuant to sections</u>	288
<u>1315.35 to 1315.44 of the Revised Code.</u>	289
(H) <u>Require the borrower to waive the borrower's right to</u>	290
<u>legal recourse under any otherwise applicable provision of state</u>	291
<u>or federal law;</u>	292

(I) Accept a check or other method of access to a deposit account maintained by the borrower, or the title of a vehicle as security for the obligation; 293
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(J) Engage in any device or subterfuge to evade the requirements of sections 1315.35 to 1315.44 of the Revised Code including assisting a borrower to obtain a loan at a rate of interest that would be prohibited by sections 1315.35 to 1315.44 of the Revised Code, making loans disguised as personal property sales and leaseback transactions, or disguising loan proceeds as cash rebates for the pretextual installment sale of goods or services. 296
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Sec. 1315.45. (A) The superintendent shall make a statewide common database, as implemented by the superintendent, accessible at all times to check-cashing businesses licensed under this chapter and to the superintendent through an internet connection. Licensees shall use the database to determine if a borrower has an open loan with any check-cashing business licensed under sections 1315.35 to 1315.44 of the Revised Code, and to determine if the borrower has been indebted to one or more check-cashing businesses for a total of ninety days or more during the previous twelve months, considering all loans made to that borrower in aggregate. Licensees shall submit the required data in a format as the superintendent prescribes by rule, and verify eligibility before entering into each loan transaction. 304
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(B) The superintendent shall adopt rules to administer and enforce this section and to ensure that the database is used by licensees in accordance with this section, including: 317
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(1) A rule requiring that data are retained in the database only as required to ensure licensee compliance with this section; 320
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(2) A rule requiring that identifying borrower information is deleted from the database on a regular and routine basis, twelve 322
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<u>months after the transaction is closed;</u>	324
<u>(3) A rule authorizing the archiving of deleted data, should</u>	325
<u>the superintendent determine that archiving is necessary for the</u>	326
<u>enforcement of this section;</u>	327
<u>(4) A rule prohibiting the database from ranking the credit</u>	328
<u>worthiness of a borrower and limiting the database so that it may</u>	329
<u>only be used to determine a borrower's eligibility or</u>	330
<u>ineligibility for a loan based on the provisions of this chapter;</u>	331
<u>(5) A rule requiring that data collected pursuant to this</u>	332
<u>section be used only as prescribed in this section and for no</u>	333
<u>other purpose;</u>	334
<u>(6) A rule authorizing a fee per transaction for data</u>	335
<u>required to be submitted.</u>	336
<u>(C) The database operator, whether the superintendent or a</u>	337
<u>third party selected by the superintendent pursuant to Chapter</u>	338
<u>125. of the Revised Code, shall do all of the following:</u>	339
<u>(1) Establish and maintain a process for responding to</u>	340
<u>transaction verification requests due to technical difficulties</u>	341
<u>with the database that prevent the licensee from accessing the</u>	342
<u>database through the internet;</u>	343
<u>(2) Provide accurate and secure receipt, transmission, and</u>	344
<u>storage of borrower data;</u>	345
<u>(3) Designate a transaction as closed within one business day</u>	346
<u>of receiving notification from a licensee;</u>	347
<u>(4) Take all reasonable measures to ensure the</u>	348
<u>confidentiality of the database and to prevent identity theft.</u>	349
<u>(D) A check-cashing business may rely on the information</u>	350
<u>contained in the database as accurate and is not subject to any</u>	351
<u>administrative penalty or civil liability as a result of relying</u>	352
<u>on inaccurate information contained in the database.</u>	353

(E) With respect to the database prescribed in division (A) 354
of this section, any information submitted for incorporation into 355
the database, information in the database itself, or archived 356
information as maintained by the superintendent pursuant to this 357
section, is not public record under section 149.43 of the Revised 358
Code. 359

(F) If approved by the superintendent, the database operator 360
may impose a per transaction fee for the actual costs of entering, 361
accessing, and maintaining data in the database. The fee shall be 362
payable to the database operator in a manner prescribed by the 363
superintendent. A licensee may charge a customer all or part of 364
the fee, but may not charge a borrower any other fee except as 365
authorized in section 1315.40 of the Revised Code. 366

Sec. 1321.13. (A)(1) Notwithstanding any other provisions of 367
the Revised Code, a licensee may contract for and receive 368
interest, calculated according to the actuarial method, at a rate 369
or rates not exceeding ~~twenty-eight~~ thirty-six per cent per year 370
on that portion of the unpaid principal balance of the loan not 371
exceeding ~~one thousand~~ eight hundred dollars ~~and~~. 372

(2) Notwithstanding any other provisions of the Revised Code, 373
a licensee may contract for and receive interest, calculated 374
according to the actuarial method at a rate or rates not exceeding 375
twenty-two per cent per year on any part of the unpaid principal 376
balance exceeding ~~one thousand~~ eight hundred dollars. A licensee 377
may contract for and receive interest at the single annual rate 378
that would earn the same total interest at maturity of the loan, 379
when the loan is paid according to its agreed terms, as would be 380
earned by the application of the graduated rates set forth in this 381
division. Loans may be interest-bearing or precomputed. 382

(B) For purposes of computation of time on interest-bearing 383
and precomputed loans, including, but not limited to, the 384

calculation of interest, a month is considered one-twelfth of a 385
year, and a day is considered one three hundred sixty-fifth of a 386
year when calculation is made for a fraction of a month. A year is 387
as defined in section 1.44 of the Revised Code. A month is that 388
period described in section 1.45 of the Revised Code. 389

(C) With respect to interest-bearing loans: 390

(1) Interest shall be computed on unpaid principal balances 391
outstanding from time to time, for the time outstanding. Each 392
payment shall be applied first to unpaid charges and fees, then to 393
interest, and the remainder to the unpaid principal balance. 394
However, if the amount of the payment is insufficient to pay the 395
accumulated interest, the unpaid interest continues to accumulate 396
to be paid from the proceeds of subsequent payments and is not 397
added to the principal balance. If the maturity of the loan is 398
accelerated for any reason and judgment is entered, the licensee 399
may thereafter charge the same rate or rates of interest as 400
provided in the loan contract. 401

(2) Interest shall not be compounded. However, if part or all 402
of the consideration for a new loan contract is the unpaid 403
principal balance of a prior loan, then the principal amount 404
payable under the new loan contract may include any unpaid 405
interest that has accrued. The resulting loan contract shall be 406
deemed a new and separate loan transaction for purposes of this 407
section. The unpaid principal balance of a precomputed loan is the 408
balance due after refund or credit of unearned interest as 409
provided in division (D)(3) of this section. 410

(D) With respect to precomputed loans: 411

(1) Loans shall be repayable in substantially equal and 412
consecutive monthly installments of principal and interest 413
combined, except that the first installment period may exceed one 414
month by not more than fifteen days, and the first installment 415

payment amount may be larger than the remaining payments by the 416
amount of interest charged for the extra days; and provided 417
further that monthly installment payment dates may be omitted to 418
accommodate borrowers with seasonal income. 419

(2) Payments may be applied to the combined total of 420
principal and precomputed interest until maturity of the loan. A 421
licensee may charge interest after the original or deferred 422
maturity of a precomputed loan at the rate or rates provided in 423
division (A) of this section on all unpaid principal balances for 424
the time outstanding. 425

(3) When any loan contract is paid in full by cash, renewal, 426
refinancing, or a new loan, one month or more before the final 427
installment due date, the licensee shall refund, or credit the 428
borrower with, the total of the applicable charges for all fully 429
unexpired installment periods, as originally scheduled or as 430
deferred, that follow the day of prepayment. If the prepayment is 431
made other than on a scheduled installment installment due date, 432
the nearest scheduled due date shall be used in such computation. 433
If the prepayment occurs prior to the first installment due date, 434
the licensee may retain one-thirtieth of the applicable charge for 435
a first installment period of one month for each day from date of 436
loan to date of prepayment, and shall refund, or credit the 437
borrower with, the balance of the total interest contracted for. 438
If the maturity of the loan is accelerated for any reason and 439
judgment is entered, the licensee shall credit the borrower with 440
the same refund as if prepayment in full had been made on the date 441
the judgment is entered and may thereafter convert the loan to an 442
interest-bearing loan at the same rate or rates of interest as 443
provided in the loan contract. If the maturity of the loan is 444
accelerated for any reason, the licensee may convert the loan to 445
an interest-bearing loan at the same rate or rates of interest as 446
provided in the loan contract, provided the licensee credits the 447

borrower with the same refund on the precomputed loan as if 448
prepayment in full had been made on the date of the conversion. 449

(4) If the parties agree in writing, either in the loan 450
contract or in a subsequent agreement, to a deferment of wholly 451
unpaid installments, a licensee may grant a deferment and may 452
collect a deferment charge as provided in this section. A 453
deferment postpones the scheduled due date of the earliest unpaid 454
installment and all subsequent installments as originally 455
scheduled, or as previously deferred, for a period equal to the 456
deferment period. The deferment period is that period during which 457
no installment is scheduled to be paid by reason of the deferment. 458
The deferment charge for a one-month period may not exceed the 459
applicable charge for the installment period immediately following 460
the due date of the last undeferred installment. A proportionate 461
charge may be made for deferment for periods of more or less than 462
one month. A deferment charge is earned prorata during the 463
deferment period and is fully earned on the last day of the 464
deferment period. If a loan is prepaid in full during a deferment 465
period, the licensee shall make, or credit to the borrower, a 466
refund of the unearned deferment charge in addition to any other 467
refund or credit made for prepayment of the loan in full. 468

(E) A licensee, at the request of the borrower, may obtain, 469
on one or more borrowers, credit life insurance, credit accident 470
and health insurance, and unemployment insurance. The premium or 471
identifiable charge for the insurance may be included in the 472
principal amount of the loan and may not exceed the premium rate 473
filed by the insurer with the superintendent of insurance and not 474
disapproved by ~~him~~ the superintendent. If a licensee obtains the 475
insurance at the request of the borrower, the borrower shall have 476
the right to cancel the insurance for a period of twenty-five days 477
after the loan is made. If the borrower chooses to cancel the 478
insurance, the borrower shall give the licensee written notice of 479

this choice and shall return all of the policies or certificates 480
of insurance or notices of proposed insurance to the licensee 481
during such period, and the full premium or identifiable charge 482
for the insurance shall be refunded to the borrower by the 483
licensee. If the borrower requests, in the notice to cancel the 484
insurance, that this refund be applied to reduce the balance of a 485
precomputed loan, the licensee shall credit the amount of the 486
refund plus the amount of interest applicable to the refund to the 487
loan balance. 488

(F) A licensee may require the borrower to provide insurance 489
or a loss payable endorsement covering reasonable risks of loss, 490
damage, and destruction of property used as security for the loan 491
and with the consent of the borrower such insurance may cover 492
property other than that which is security for the loan. The 493
amount and term of required property insurance shall be reasonable 494
in relation to the amount and term of the loan contract and the 495
type and value of the security, and the insurance shall be 496
procured in accordance with the insurance laws of this state. The 497
purchase of this insurance through the licensee or an agent or 498
broker designated by the licensee shall not be a condition 499
precedent to the granting of the loan. If the borrower purchases 500
the insurance from or through the licensee or from another source, 501
the premium may be included in the principal amount of the loan. 502

(G) In addition to the interest and charges provided for by 503
this section, no further or other amount shall be charged or 504
required by the licensee, except the amounts of fees authorized by 505
law to record, file, or release security interests on a loan and 506
fees for credit reports, which amounts may be included in the 507
principal amount of the loan or collected at any time after the 508
loan is made, and except costs and disbursements to which the 509
licensee may become entitled by law in connection with any suit to 510
collect a loan or any lawful activity to realize on a security 511

interest after default. 512

(H) If the loan contract or security instrument contains 513
covenants by the borrower to perform certain duties pertaining to 514
insuring or preserving security and the licensee pursuant to the 515
loan contract or security instrument pays for performance of the 516
duties on behalf of the borrower, the licensee may add the amounts 517
paid to the unpaid principal balance of the loan or collect them 518
separately. A charge for interest may be made for sums advanced 519
not exceeding the rate of interest permitted by division (A) of 520
this section. Within a reasonable time after advancing a sum, the 521
licensee shall notify the borrower in writing of the amount 522
advanced, any interest charged with respect to the amount 523
advanced, any revised payment schedule, and shall include a brief 524
description of the reason for the advance. 525

(I) A licensee may charge and receive loan origination 526
charges not exceeding the following: 527

(1) On loans in the principal amount of ~~five~~ eight hundred 528
dollars ~~of or less, the greater of fifteen dollars or one per cent~~ 529
~~of the principal amount of the loan and, on each refinancing made~~ 530
~~more than six months after the original loan and any previous~~ 531
~~refinancing, not exceeding fifteen dollars~~ a licensee may not 532
charge a loan origination charge; 533

(2) On all other loans, the greater of thirty dollars or one 534
percent of the principal amount of the loan and, on each 535
refinancing, not exceeding thirty dollars. Loan origination 536
charges may be paid by the borrower at the time of the loan or may 537
be included in the principal amount of the loan. 538

(J) A licensee may charge and receive check collection 539
charges not greater than twenty dollars plus any amount passed on 540
from other financial institutions for each check, negotiable order 541
of withdrawal, share draft, or other negotiable instrument 542

returned or dishonored for any reason. 543

(K) If the loan contract so provides, a licensee may collect 544
a default charge on any installment not paid in full within ten 545
days after its due date. For this purpose, all installments are 546
considered paid in the order in which they become due. Any amounts 547
applied to an outstanding loan balance as a result of voluntary 548
release of a security interest, sale of security on the loan, or 549
cancellation of insurance shall be considered payments on the 550
loan, unless the parties otherwise agree in writing at the time 551
the amounts are applied. The amount of the default charge shall 552
not exceed the greater of five per cent of the scheduled 553
installment or five dollars. 554

Sec. 1321.131. As an alternative to the interest permitted in 555
division (A)(2) of section 1321.13 and in division (B) of section 556
1321.16 of the Revised Code, a licensee may contract for and 557
receive interest at any rate or rates agreed upon or consented to 558
by the parties to the loan contract or open-end loan agreement, 559
but not exceeding an annual percentage rate of twenty-five per 560
cent. 561

Sec. 1349.72. (A) In addition to any other duties imposed on 562
the consumer finance education board by section 1349.71 of the 563
Revised Code, the board shall: 564

(1) Analyze and investigate, on its own initiative, the 565
policies and practices of state agencies, nonprofit entities, and 566
businesses, inasmuch as such policies and practices address 567
financial literacy, access by state residents to financial 568
information, education, and resources, prevention of foreclosures 569
and bankruptcies, ~~and~~ prepurchase and postpurchase counseling and 570
education for homebuyers, and small loan counseling and education 571
for borrowers; 572

(2) Provide an annual report and consultation and 573
recommendations to the governor, the general assembly, state 574
agencies, nonprofit entities, and businesses based on the board's 575
findings; 576

(3) Coordinate and provide resources and assistance to state 577
agencies, nonprofit entities, and businesses in the furtherance of 578
those entities' efforts to improve financial literacy, access by 579
state residents to financial information, education, and 580
resources, prevention of foreclosures and bankruptcies, ~~and~~ 581
prepurchase and postpurchase counseling and education for 582
homebuyers, and small loan counseling and education for borrowers. 583
584

(4) Provide financial assistance to Ohioans through grants 585
funded through the consumer finance fund created under section 586
1321.21 of the Revised Code and utilize these same funds to 587
provide grants to design, develop, and implement any other 588
programs described in this section. 589

(5) Receive grants from the consumer finance fund for the 590
implementation of this section. 591

(B) The board may assign and delegate the execution of its 592
duties to smaller groups of its own members, which shall include 593
committees specifically chartered to address all of the following 594
issues: 595

(1) The needs of persons, ages eighteen to twenty-five, in 596
the context of the objectives enumerated in division (A) of this 597
section; 598

(2) The needs of persons, classified as needy, based on a 599
household adjusted gross income equal to or less than two hundred 600
per cent of the poverty level, as determined by the Ohio office of 601
budget and management, or the earned income amount described in 602
section thirty-two of the Internal Revenue Code of 1986, taking 603

into account the size of the household, in the context of the 604
objectives enumerated in division (A) of this section; 605

(3) The needs of persons, previously convicted of one or more 606
felonies, in the context of the objectives enumerated in division 607
(A) of this section; 608

(4) The needs of persons, characterized as vulnerable by 609
reason of advanced age, disability, minority, or other demographic 610
consideration, in the context of the objectives enumerated in 611
division (A) of this section; 612

(5) Any other group or issue identified by the board as 613
worthy of particular attention. 614

(C) The board shall create a pilot financial literacy and 615
counseling program funded through the consumer finance fund, to be 616
operated in the five counties with the highest mortgage 617
foreclosure rates as of ~~the effective date of this section~~ January 618
1, 2007, and completion of which shall be recommended by mortgage 619
brokers and loan officers for any consumer seeking a mortgage loan 620
with origination fees greater than five per cent. Before a 621
mortgage broker permits a consumer to commit to such a loan, the 622
broker shall notify the consumer that the loan may have attributes 623
that are predatory. No person who offers education, advice, or 624
counseling through the financial literacy and counseling program 625
shall be held liable for any damages incurred from actions taken 626
based on the education, advice, or counseling given. 627

Sec. 1733.25. (A) A credit union may make loans or other 628
extensions of credit to members for provident and productive 629
purposes as authorized by law, including rules adopted by the 630
superintendent of credit unions; the articles; and the 631
regulations; and subject to policies adopted by the credit 632
committee and approved by the board of directors. 633

(B) Upon the approval of the board of directors, a credit union may make loans or other extensions of credit to other credit unions, provided that loans or other extensions of credit made to other credit unions need not have the approval of the board of directors on a per case basis. The total of all such loans or other extensions of credit, including the aggregate of all money paid into any trust established by one or more credit unions for the purpose of making loans or other extensions of credit to other credit unions, shall not exceed twenty-five per cent of the shares and undivided earnings of the lending credit union, except that this percentage limitation does not apply to corporate credit unions.

(C) The interest on any loan or other extension of credit made by a credit union shall not exceed one and one-half per cent per month on unpaid balances. Such interest may accrue and be chargeable upon a monthly basis, and may be computed upon the unpaid balance of the loan or other extension of credit as of the end of the previous calendar month.

Such interest may be accrued and charged by any technique approved by the superintendent so long as the effective interest rate on any loan or other extension of credit does not exceed the amount permitted to be charged by the computation authorized in this division.

(D) A credit union may accept security in such form and under rules as shall be set forth in the articles, the regulations, or established by the credit committee and approved by the board of directors.

(E)(1) The credit union shall have a lien on the membership share, shares, deposits, and accumulated dividends and interest of a member in an individual, joint, trust, or payable on death account for any obligation owed to the credit union by that member or for any loan co-signed or guaranteed by the member or account

holder; provided, however, that a credit union shall not have a 666
lien upon the funds in an individual retirement account or an 667
account established pursuant to the Internal Revenue Code of the 668
United States. 669

(2) A credit union may refuse to allow withdrawals from any 670
share or deposit account by a member while the member has any 671
outstanding obligation to the credit union. 672

~~(F) Notwithstanding any limitation provided in any other 673
provision of this chapter or Chapter 1343. of the Revised Code, a 674
credit union may enter into a loan agreement with a member in 675
accordance with all of the following: 676~~

~~(1) The loan is for any amount up to one thousand dollars. 677~~

~~(2) The term of the loan is thirty days or less. 678~~

~~(3) The credit union may charge a fee in addition to any 679
interest authorized by law in connection with the loan, which fee 680
is not to be included in the computation of interest for any 681
provision of the Revised Code, including division (C) of this 682
section, that prescribes, regulates, or limits interest charged, 683
collected, or received in connection with a transaction. 684~~

~~(4) The total interest, fees, and other costs of the loan 685
does not exceed ten per cent of the principal amount. 686~~

~~(5) A member shall not have more than one loan under division 687
(F) of this section outstanding at any one time with the credit 688
union. 689~~

~~(6) The loan is not being made to a member for purposes of 690
retiring an existing loan between the credit union and that 691
member, which existing loan was made pursuant to division (F) of 692
this section. 693~~

~~(G)(1) Subject to division (G)(2) of this section and any 694
restrictions or requirements established by the superintendent, in 695~~

~~connection with any loan or extension of credit, a credit union 696
may enter into a debt suspension agreement or debt cancellation 697
contract with the borrower or borrowers. 698~~

~~(2) A credit union shall not offer or finance, directly or 699
indirectly, a debt suspension agreement or debt cancellation 700
contract requiring a lump sum, single payment for the agreement or 701
contract payable at the outset of the agreement or contract, if 702
the debt subject to the agreement or contract is secured by one to 703
four family, residential real property. 704~~

~~(3) For purposes of division (G) of this section, "debt 705
cancellation contract" and "debt suspension agreement" have the 706
same meanings as in 12 C.F.R part 37. 707~~

Section 2. That existing sections 135.63, 1315.35, 1315.36, 708
1315.39, 1315.40, 1315.41, 1321.13, 1321.131, 1349.72, and 1733.25 709
of the Revised Code are hereby repealed. 710

Section 3. The Superintendent of Financial Institutions shall 711
develop, implement, and maintain a statewide common database in 712
accordance with section 1315.45 of the Revised Code within 120 713
days of the effective date of this act. In the period of time 714
between the effective date of this act and the availability of a 715
statewide common database, a check-cashing business shall require 716
a borrower to sign a written declaration confirming that the 717
borrower does not have an outstanding loan with any check-cashing 718
business and has not been indebted to one or more check-cashing 719
businesses for a total of ninety days or more during the previous 720
twelve months. 721