

**As Reported by the House Consumer Affairs and Economic
Protection Committee**

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Am. H. B. No. 486

Representatives Lundy, Stebelton

**Cosponsors: Representatives Foley, Celeste, Skindell, Dyer, Stewart, Sykes,
Harris, Murray, Driehaus, Heard, Belcher, Hagan, Garland, Letson, Yuko**

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A B I L L

To amend sections 1315.26, 1321.13, 1321.15, 1321.57, 1
1321.59, 1321.99, and 4712.07 and to enact section 2
4712.021 of the Revised Code to establish certain 3
consumer protections with respect to small loans 4
to be known as the Small Loan Consumer Protection 5
Act. 6

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

Section 1. That sections 1315.26, 1321.13, 1321.15, 1321.57, 7
1321.59, 1321.99, and 4712.07 be amended and section 4712.021 of 8
the Revised Code be enacted to read as follows: 9

Sec. 1315.26. (A) No check-cashing business shall charge 10
check-cashing fees or other check-cashing charges in an amount 11
that exceeds three per cent of the face amount of the check for 12
cashing checks issued by this state, a state agency, a political 13
subdivision of this state, or the United States. 14

(B) Each check-cashing business shall conspicuously post and 15
at all times display in every business location a schedule of its 16
fees and charges for all services permitted under sections 1315.21 17

to 1315.28 of the Revised Code. 18

(C) No check-cashing business shall charge a fee for cashing 19
a proceeds check or money order disbursed to fund a loan made by 20
the licensee or an affiliate of the licensee. 21

Sec. 1321.13. (A) Notwithstanding any other provisions of the 22
Revised Code, a licensee may contract for and receive interest, 23
calculated according to the actuarial method, at a rate or rates 24
not exceeding twenty-eight per cent per year on that portion of 25
the unpaid principal balance of the loan not exceeding one 26
thousand dollars and twenty-two per cent per year on any part of 27
the unpaid principal balance exceeding one thousand dollars. A 28
licensee may contract for and receive interest at the single 29
annual rate that would earn the same total interest at maturity of 30
the loan, when the loan is paid according to its agreed terms, as 31
would be earned by the application of the graduated rates set 32
forth in this division. Loans may be interest-bearing or 33
precomputed. 34

(B) For purposes of computation of time on interest-bearing 35
and precomputed loans, including, but not limited to, the 36
calculation of interest, a month is considered one-twelfth of a 37
year, and a day is considered one three hundred sixty-fifth of a 38
year when calculation is made for a fraction of a month. A year is 39
as defined in section 1.44 of the Revised Code. A month is that 40
period described in section 1.45 of the Revised Code. 41

(C) With respect to interest-bearing loans: 42

(1) Interest shall be computed on unpaid principal balances 43
outstanding from time to time, for the time outstanding. Each 44
payment shall be applied first to unpaid charges and fees, then to 45
interest, and the remainder to the unpaid principal balance. 46
However, if the amount of the payment is insufficient to pay the 47
accumulated interest, the unpaid interest continues to accumulate 48

to be paid from the proceeds of subsequent payments and is not 49
added to the principal balance. If the maturity of the loan is 50
accelerated for any reason and judgment is entered, the licensee 51
may thereafter charge the same rate or rates of interest as 52
provided in the loan contract. 53

(2) Interest shall not be compounded. However, if part or all 54
of the consideration for a new loan contract is the unpaid 55
principal balance of a prior loan, then the principal amount 56
payable under the new loan contract may include any unpaid 57
interest that has accrued. The resulting loan contract shall be 58
deemed a new and separate loan transaction for purposes of this 59
section. The unpaid principal balance of a precomputed loan is the 60
balance due after refund or credit of unearned interest as 61
provided in division (D)(3) of this section. 62

(D) With respect to precomputed loans: 63

(1) Loans shall be repayable in substantially equal and 64
consecutive monthly installments of principal and interest 65
combined, except that the first installment period may exceed one 66
month by not more than fifteen days, and the first installment 67
payment amount may be larger than the remaining payments by the 68
amount of interest charged for the extra days; and provided 69
further that monthly installment payment dates may be omitted to 70
accommodate borrowers with seasonal income. 71

(2) Payments may be applied to the combined total of 72
principal and precomputed interest until maturity of the loan. A 73
licensee may charge interest after the original or deferred 74
maturity of a precomputed loan at the rate or rates provided in 75
division (A) of this section on all unpaid principal balances for 76
the time outstanding. 77

(3) When any loan contract is paid in full by cash, renewal, 78
refinancing, or a new loan, one month or more before the final 79

installment due date, the licensee shall refund, or credit the 80
borrower with, the total of the applicable charges for all fully 81
unexpired installment periods, as originally scheduled or as 82
deferred, that follow the day of prepayment. If the prepayment is 83
made other than on a scheduled installment ~~installment~~ due date, 84
the nearest scheduled due date shall be used in such computation. 85
If the prepayment occurs prior to the first installment due date, 86
the licensee may retain one-thirtieth of the applicable charge for 87
a first installment period of one month for each day from date of 88
loan to date of prepayment, and shall refund, or credit the 89
borrower with, the balance of the total interest contracted for. 90
If the maturity of the loan is accelerated for any reason and 91
judgment is entered, the licensee shall credit the borrower with 92
the same refund as if prepayment in full had been made on the date 93
the judgment is entered and may thereafter convert the loan to an 94
interest-bearing loan at the same rate or rates of interest as 95
provided in the loan contract. If the maturity of the loan is 96
accelerated for any reason, the licensee may convert the loan to 97
an interest-bearing loan at the same rate or rates of interest as 98
provided in the loan contract, provided the licensee credits the 99
borrower with the same refund on the precomputed loan as if 100
prepayment in full had been made on the date of the conversion. 101

(4) If the parties agree in writing, either in the loan 102
contract or in a subsequent agreement, to a deferment of wholly 103
unpaid installments, a licensee may grant a deferment and may 104
collect a deferment charge as provided in this section. A 105
deferment postpones the scheduled due date of the earliest unpaid 106
installment and all subsequent installments as originally 107
scheduled, or as previously deferred, for a period equal to the 108
deferment period. The deferment period is that period during which 109
no installment is scheduled to be paid by reason of the deferment. 110
The deferment charge for a one-month period may not exceed the 111
applicable charge for the installment period immediately following 112

the due date of the last undeferred installment. A proportionate 113
charge may be made for deferment for periods of more or less than 114
one month. A deferment charge is earned ~~prorata~~ pro rata during 115
the deferment period and is fully earned on the last day of the 116
deferment period. If a loan is prepaid in full during a deferment 117
period, the licensee shall make, or credit to the borrower, a 118
refund of the unearned deferment charge in addition to any other 119
refund or credit made for prepayment of the loan in full. 120

(E) A licensee, at the request of the borrower, may obtain, 121
on one or more borrowers, credit life insurance, credit accident 122
and health insurance, and unemployment insurance. The premium or 123
identifiable charge for the insurance may be included in the 124
principal amount of the loan and may not exceed the premium rate 125
filed by the insurer with the superintendent of insurance and not 126
disapproved by ~~him~~ the superintendent. If a licensee obtains the 127
insurance at the request of the borrower, the borrower shall have 128
the right to cancel the insurance for a period of twenty-five days 129
after the loan is made. If the borrower chooses to cancel the 130
insurance, the borrower shall give the licensee written notice of 131
this choice and shall return all of the policies or certificates 132
of insurance or notices of proposed insurance to the licensee 133
during such period, and the full premium or identifiable charge 134
for the insurance shall be refunded to the borrower by the 135
licensee. If the borrower requests, in the notice to cancel the 136
insurance, that this refund be applied to reduce the balance of a 137
precomputed loan, the licensee shall credit the amount of the 138
refund plus the amount of interest applicable to the refund to the 139
loan balance. 140

(F) A licensee may require the borrower to provide insurance 141
or a loss payable endorsement covering reasonable risks of loss, 142
damage, and destruction of property used as security for the loan 143
and with the consent of the borrower such insurance may cover 144

property other than that which is security for the loan. The 145
amount and term of required property insurance shall be reasonable 146
in relation to the amount and term of the loan contract and the 147
type and value of the security, and the insurance shall be 148
procured in accordance with the insurance laws of this state. The 149
purchase of this insurance through the licensee or an agent or 150
broker designated by the licensee shall not be a condition 151
precedent to the granting of the loan. If the borrower purchases 152
the insurance from or through the licensee or from another source, 153
the premium may be included in the principal amount of the loan. 154

(G) In addition to the interest and charges provided for by 155
this section, no further or other amount shall be charged, 156
received, or required by the licensee, including any fees assessed 157
by a credit services organization that holds or is required to 158
hold a certificate of registration under section 4712.02 of the 159
Revised Code, except the amounts of fees authorized by law to 160
record, file, or release security interests on a loan and fees for 161
credit reports, which amounts may be included in the principal 162
amount of the loan or collected at any time after the loan is 163
made, and except costs and disbursements to which the licensee may 164
become entitled by law in connection with any suit to collect a 165
loan or any lawful activity to realize on a security interest 166
after default. 167

(H) If the loan contract or security instrument contains 168
covenants by the borrower to perform certain duties pertaining to 169
insuring or preserving security and the licensee pursuant to the 170
loan contract or security instrument pays for performance of the 171
duties on behalf of the borrower, the licensee may add the amounts 172
paid to the unpaid principal balance of the loan or collect them 173
separately. A charge for interest may be made for sums advanced 174
not exceeding the rate of interest permitted by division (A) of 175
this section. Within a reasonable time after advancing a sum, the 176

licensee shall notify the borrower in writing of the amount 177
advanced, any interest charged with respect to the amount 178
advanced, any revised payment schedule, and shall include a brief 179
description of the reason for the advance. 180

(I) ~~A~~ Except as prohibited in division (C) of section 1321.15 181
of the Revised Code, a licensee may charge and receive loan 182
origination charges not exceeding the following: 183

(1) On loans in the principal amount of five hundred dollars 184
~~of~~ or less, the greater of fifteen dollars or one per cent of the 185
principal amount of the loan and, on each refinancing made more 186
than six months after the original loan and any previous 187
refinancing, not exceeding fifteen dollars; 188

(2) On all other loans, the greater of thirty dollars or one 189
percent of the principal amount of the loan and, on each 190
refinancing, not exceeding thirty dollars. Loan origination 191
charges may be paid by the borrower at the time of the loan or may 192
be included in the principal amount of the loan. 193

(J) A licensee may charge and receive check collection 194
charges not greater than twenty dollars plus any amount passed on 195
from other financial institutions for each check, negotiable order 196
of withdrawal, share draft, or other negotiable instrument 197
returned or dishonored for any reason. 198

(K) If the loan contract so provides, a licensee may collect 199
a default charge on any installment not paid in full within ten 200
days after its due date. For this purpose, all installments are 201
considered paid in the order in which they become due. Any amounts 202
applied to an outstanding loan balance as a result of voluntary 203
release of a security interest, sale of security on the loan, or 204
cancellation of insurance shall be considered payments on the 205
loan, unless the parties otherwise agree in writing at the time 206
the amounts are applied. The amount of the default charge shall 207

not exceed the greater of five per cent of the scheduled 208
installment or five dollars. 209

Sec. 1321.15. (A) No licensee shall knowingly induce or 210
permit any person, jointly or severally, to be obligated, directly 211
or contingently or both, under more than one contract of loan at 212
the same time for the purpose or with the result of obtaining a 213
higher rate of interest or greater charges than would otherwise be 214
permitted upon a single loan made under sections 1321.01 to 215
1321.19 of the Revised Code. 216

(B) No licensee shall charge, contract for, or receive, 217
directly or indirectly, interest and charges greater than such 218
licensee would be permitted to charge, contract for, or receive 219
without a license under sections 1321.01 to 1321.19 of the Revised 220
Code on any part of an indebtedness for one or more than one loan 221
of money if the amount of such indebtedness is in excess of five 222
thousand dollars. 223

(C) No licensee shall charge a person a loan origination 224
charge, as otherwise authorized under section 1321.13 of the 225
Revised Code more than once per any ninety-day period on any one 226
or more loans with a principal amount of one thousand dollars or 227
less that is made pursuant to a license issued under sections 228
1321.01 to 1321.19 of the Revised Code or a registration issued 229
under sections 1321.51 to 1321.60 of the Revised Code. 230

(D) With respect to a loan made under sections 1321.01 to 231
1321.19 of the Revised Code, a licensee may not do any of the 232
following: 233

(1) Charge or receive a fee for cashing a proceeds check or 234
money order disbursed to fund the loan; 235

(2) Require or direct a borrower to cash a proceeds check or 236
money order disbursed to fund the loan at the place of business of 237

the licensee, an affiliate of the licensee, or any third party; 238

(3) Seek or obtain directly or indirectly compensation from 239
any affiliate or third party that provides check-cashing services 240
to cash a proceeds check or money order disbursed to fund the loan 241
by the licensee. 242

(E) No licensee shall require a borrower to obtain membership 243
in an organization or pay a membership fee. 244

(F) For the purpose of the limitations set forth in this 245
section, the amount of any such indebtedness shall be determined 246
by including the entire obligation of any person to the licensee 247
for principal, direct or contingent or both, as borrower, 248
indorser, guarantor, surety for, or otherwise, whether incurred or 249
subsisting under one or more than one contract of loan, except 250
that any contract of indorsement, guaranty, or suretyship that 251
does not obligate the indorser, guarantor, or surety for any 252
charges in excess of eight per cent per annum, is not included in 253
such entire obligation. If a licensee acquires, directly or 254
indirectly, by purchase or discount, bona fide obligations for 255
goods or services owed by the person who received such goods or 256
services to the person who provided such goods or services, then 257
the amount of such purchased or discounted indebtedness to the 258
licensee shall not be included in computing the aggregate 259
indebtedness of such borrower to the licensee for the purpose of 260
the prohibitions set forth in this section. 261

Sec. 1321.57. (A) Notwithstanding any other provisions of the 262
Revised Code, a registrant may contract for and receive interest, 263
calculated according to the actuarial method, at a rate or rates 264
not exceeding twenty-one per cent per year on the unpaid principal 265
balances of the loan. Loans may be interest-bearing or 266
precomputed. 267

(B) For purposes of computation of time on interest-bearing 268

and precomputed loans, including, but not limited to, the 269
calculation of interest, a month is considered one-twelfth of a 270
year, and a day is considered one three hundred sixty-fifth of a 271
year when calculation is made for a fraction of a month. A year is 272
as defined in section 1.44 of the Revised Code. A month is that 273
period described in section 1.45 of the Revised Code. 274
Alternatively, a registrant may consider a day as one three 275
hundred sixtieth of a year and each month as having thirty days. 276

(C) With respect to interest-bearing loans: 277

(1)(a) Interest shall be computed on unpaid principal 278
balances outstanding from time to time, for the time outstanding. 279

(b) As an alternative to the method of computing interest set 280
forth in division (C)(1)(a) of this section, a registrant may 281
charge and collect interest for the first installment period based 282
on elapsed time from the date of the loan to the first scheduled 283
payment due date, and for each succeeding installment period from 284
the scheduled payment due date to the next scheduled payment due 285
date, regardless of the date or dates the payments are actually 286
made. 287

(c) Whether a registrant computes interest pursuant to 288
division (C)(1)(a) or (b) of this section, each payment shall be 289
applied first to unpaid charges, then to interest, and the 290
remainder to the unpaid principal balance. However, if the amount 291
of the payment is insufficient to pay the accumulated interest, 292
the unpaid interest continues to accumulate to be paid from the 293
proceeds of subsequent payments and is not added to the principal 294
balance. 295

(2) Interest shall not be compounded, collected, or paid in 296
advance. However, both of the following apply: 297

(a) Interest may be charged to extend the first monthly 298
installment period by not more than fifteen days, and the interest 299

charged for the extension may be added to the principal amount of 300
the loan. 301

(b) If part or all of the consideration for a new loan 302
contract is the unpaid principal balance of a prior loan, the 303
principal amount payable under the new loan contract may include 304
any unpaid interest that has accrued. The resulting loan contract 305
shall be deemed a new and separate loan transaction for purposes 306
of this section. The unpaid principal balance of a precomputed 307
loan is the balance due after refund or credit of unearned 308
interest as provided in division (D)(3) of this section. 309

(D) With respect to precomputed loans: 310

(1) Loans shall be repayable in monthly installments of 311
principal and interest combined, except that the first installment 312
period may exceed one month by not more than fifteen days, and the 313
first installment payment amount may be larger than the remaining 314
payments by the amount of interest charged for the extra days; and 315
provided further that monthly installment payment dates may be 316
omitted to accommodate borrowers with seasonal income. 317

(2) Payments may be applied to the combined total of 318
principal and precomputed interest until maturity of the loan. A 319
registrant may charge interest after the original or deferred 320
maturity of a precomputed loan at the rate specified in division 321
(A) of this section on all unpaid principal balances for the time 322
outstanding. 323

(3) When any loan contract is paid in full by cash, renewal, 324
refinancing, or a new loan, one month or more before the final 325
installment due date, the registrant shall refund, or credit the 326
borrower with, the total of the applicable charges for all fully 327
unexpired installment periods, as originally scheduled or as 328
deferred, that follow the day of prepayment. If the prepayment is 329
made other than on a scheduled installment due date, the nearest 330

scheduled installment due date shall be used in such computation. 331
If the prepayment occurs prior to the first installment due date, 332
the registrant may retain one-thirtieth of the applicable charge 333
for a first installment period of one month for each day from date 334
of loan to date of prepayment, and shall refund, or credit the 335
borrower with, the balance of the total interest contracted for. 336
If the maturity of the loan is accelerated for any reason and 337
judgment is entered, the registrant shall credit the borrower with 338
the same refund as if prepayment in full had been made on the date 339
the judgment is entered. 340

(4) If the parties agree in writing, either in the loan 341
contract or in a subsequent agreement, to a deferment of wholly 342
unpaid installments, a registrant may grant a deferment and may 343
collect a deferment charge as provided in this section. A 344
deferment postpones the scheduled due date of the earliest unpaid 345
installment and all subsequent installments as originally 346
scheduled, or as previously deferred, for a period equal to the 347
deferment period. The deferment period is that period during which 348
no installment is scheduled to be paid by reason of the deferment. 349
The deferment charge for a one-month period may not exceed the 350
applicable charge for the installment period immediately following 351
the due date of the last undeferred installment. A proportionate 352
charge may be made for deferment for periods of more or less than 353
one month. A deferment charge is earned pro rata during the 354
deferment period and is fully earned on the last day of the 355
deferment period. If a loan is prepaid in full during a deferment 356
period, the registrant shall make, or credit to the borrower, a 357
refund of the unearned deferment charge in addition to any other 358
refund or credit made for prepayment of the loan in full. 359

(E) A registrant, at the request of the borrower, may obtain, 360
on one or more borrowers, credit life insurance, credit accident 361
and health insurance, and unemployment insurance. The premium or 362

identifiable charge for the insurance may be included in the 363
principal amount of the loan and may not exceed the premium rate 364
filed by the insurer with the superintendent of insurance and not 365
disapproved by the superintendent. If a registrant obtains the 366
insurance at the request of the borrower, the borrower shall have 367
the right to cancel the insurance for a period of twenty-five days 368
after the loan is made. If the borrower chooses to cancel the 369
insurance, the borrower shall give the registrant written notice 370
of this choice and shall return all of the policies or 371
certificates of insurance or notices of proposed insurance to the 372
registrant during such period, and the full premium or 373
identifiable charge for the insurance shall be refunded to the 374
borrower by the registrant. If the borrower requests, in the 375
notice to cancel the insurance, that this refund be applied to 376
reduce the balance of a precomputed loan, the registrant shall 377
credit the amount of the refund plus the amount of interest 378
applicable to the refund to the loan balance. 379

If the registrant obtains the insurance at the request of the 380
borrower, the registrant shall not charge or collect interest on 381
any insured amount that remains unpaid after the insured 382
borrower's date of death. 383

(F) A registrant may require the borrower to provide 384
insurance or a loss payable endorsement covering reasonable risks 385
of loss, damage, and destruction of property used as security for 386
the loan and with the consent of the borrower such insurance may 387
cover property other than that which is security for the loan. The 388
amount and term of required property insurance shall be reasonable 389
in relation to the amount and term of the loan contract and the 390
type and value of the security, and the insurance shall be 391
procured in accordance with the insurance laws of this state. The 392
purchase of this insurance through the registrant or an agent or 393
broker designated by the registrant shall not be a condition 394

precedent to the granting of the loan. If the borrower purchases 395
the insurance from or through the registrant or from another 396
source, the premium may be included in the principal amount of the 397
loan. 398

(G) On loans secured by an interest in real estate, all of 399
the following apply: 400

(1) A registrant, if not prohibited by section 1343.011 of 401
the Revised Code, may charge and receive up to two points, and a 402
prepayment penalty not in excess of one per cent of the original 403
principal amount of the loan. Points may be paid by the borrower 404
at the time of the loan or may be included in the principal amount 405
of the loan. On a refinancing, a registrant may not charge under 406
division (G)(1) of this section either of the following: 407

(a) Points on the portion of the principal amount that is 408
applied to the unpaid principal amount of the refinanced loan, if 409
the refinancing occurs within one year after the date of the 410
refinanced loan on which points were charged; 411

(b) A prepayment penalty. 412

(2) As an alternative to the prepayment penalty described in 413
division (G)(1) of this section, a registrant may contract for, 414
charge, and receive the prepayment penalty described in division 415
(G)(2) of this section for the prepayment of a loan prior to two 416
years after the date the loan contract is executed. This 417
prepayment penalty shall not exceed two per cent of the original 418
principal amount of the loan if the loan is paid in full prior to 419
one year after the date the loan contract is executed. The penalty 420
shall not exceed one per cent of the original principal amount of 421
the loan if the loan is paid in full at any time from one year, 422
but prior to two years, after the date the loan contract is 423
executed. A registrant shall not charge or receive a prepayment 424
penalty under division (G)(2) of this section if any of the 425

following applies:	426
(a) The loan is a refinancing by the same registrant or a registrant to whom the loan has been assigned;	427 428
(b) The loan is paid in full as a result of the sale of the real estate that secures the loan;	429 430
(c) The loan is paid in full with the proceeds of an insurance claim against an insurance policy that insures the life of the borrower or an insurance policy that covers loss, damage, or destruction of the real estate that secures the loan.	431 432 433 434
(3) Division (G) of this section is not a limitation on discount points or other charges for purposes of section 501(b)(4) of the "Depository Institutions Deregulation and Monetary Control Act of 1980," 94 Stat. 161, 12 U.S.C.A. 1735f-7 note.	435 436 437 438
(H)(1) In addition to the interest and charges provided for by this section, no further or other amount, whether in the form of broker fees, <u>including any fees assessed by a credit services organization that holds or is required to hold a certificate of registration under section 4712.02 of the Revised Code</u> , placement fees, or any other fees whatsoever, shall be charged, <u>required</u> , or received by the registrant, except costs and disbursements in connection with any suit to collect a loan or any lawful activity to realize on a security interest or mortgage after default, including reasonable attorney fees incurred by the registrant as a result of the suit or activity and to which the registrant becomes entitled by law, and except the following additional charges which may be included in the principal amount of the loan or collected at any time after the loan is made:	439 440 441 442 443 444 445 446 447 448 449 450 451 452
(a) The amounts of fees authorized by law to record, file, or release security interests and mortgages on a loan;	453 454
(b) With respect to a loan secured by an interest in real estate, the following closing costs, if they are bona fide,	455 456

reasonable in amount, paid to third parties, and not for the 457
purpose of circumvention or evasion of this section: 458

(i) Fees or premiums for title examination, abstract of 459
title, title insurance, surveys, title endorsements, title 460
binders, title commitments, home inspections, or pest inspections; 461
settlement or closing costs paid to unaffiliated third parties; 462
courier fees; and any federally mandated flood plain certification 463
fee; 464

(ii) If not paid to the registrant, an employee of the 465
registrant, or a person affiliated with the registrant, fees for 466
preparation of a mortgage, settlement statement, or other 467
documents, fees for notarizing mortgages and other documents, 468
appraisal fees, and fees for any federally mandated inspection of 469
home improvement work financed by a second mortgage loan; 470

(c) Fees for credit investigations not exceeding ten dollars. 471

(2) Division (H)(1) of this section does not limit the rights 472
of registrants to engage in other transactions with borrowers, 473
provided the transactions are not a condition of the loan. 474

(I) If the loan contract or security instrument contains 475
covenants by the borrower to perform certain duties pertaining to 476
insuring or preserving security and the registrant pursuant to the 477
loan contract or security instrument pays for performance of the 478
duties on behalf of the borrower, the registrant may add the 479
amounts paid to the unpaid principal balance of the loan or 480
collect them separately. A charge for interest may be made for 481
sums advanced not exceeding the rate of interest permitted by 482
division (A) of this section. Within a reasonable time after 483
advancing a sum, the registrant shall notify the borrower in 484
writing of the amount advanced, any interest charged with respect 485
to the amount advanced, any revised payment schedule, and shall 486
include a brief description of the reason for the advance. 487

(J)(1) In addition to points authorized under division (G) of 488
this section and except as prohibited in section 1321.59 of the 489
Revised Code, a registrant may charge and receive the following: 490

(a) With respect to loans secured by goods or real estate: if 491
the principal amount of the loan is five hundred dollars or less, 492
loan origination charges not exceeding fifteen dollars; if the 493
principal amount of the loan is more than five hundred dollars but 494
less than one thousand dollars, loan origination charges not 495
exceeding thirty dollars; if the principal amount of the loan is 496
at least one thousand dollars but less than two thousand dollars, 497
loan origination charges not exceeding one hundred dollars; if the 498
principal amount of the loan is at least two thousand dollars but 499
less than five thousand dollars, loan origination charges not 500
exceeding two hundred dollars; and if the principal amount of the 501
loan is at least five thousand dollars, loan origination charges 502
not exceeding the greater of two hundred fifty dollars or one per 503
cent of the principal amount of the loan. 504

(b) With respect to loans that are not secured by goods or 505
real estate: if the principal amount of the loan is five hundred 506
dollars or less, loan origination charges not exceeding fifteen 507
dollars; if the principal amount of the loan is more than five 508
hundred dollars but less than one thousand dollars, loan 509
origination charges not exceeding thirty dollars; if the principal 510
amount of the loan is at least one thousand dollars but less than 511
five thousand dollars, loan origination charges not exceeding one 512
hundred dollars; and if the principal amount of the loan is at 513
least five thousand dollars, loan origination charges not 514
exceeding the greater of two hundred fifty dollars or one per cent 515
of the principal amount of the loan. 516

(2) If a refinancing occurs within ninety days after the date 517
of the refinanced loan, a registrant may not impose loan 518
origination charges on the portion of the principal amount that is 519

applied to the unpaid principal amount of the refinanced loan. 520

(3) Loan origination charges may be paid by the borrower at 521
the time of the loan or may be included in the principal amount of 522
the loan. 523

(K) A registrant may charge and receive check collection 524
charges not greater than twenty dollars plus any amount passed on 525
from other depository institutions for each check, negotiable 526
order of withdrawal, share draft, or other negotiable instrument 527
returned or dishonored for any reason. 528

(L) If the loan contract so provides, a registrant may 529
collect a default charge on any installment not paid in full 530
within ten days after its due date. For this purpose, all 531
installments are considered paid in the order in which they become 532
due. Any amounts applied to an outstanding loan balance as a 533
result of voluntary release of a security interest, sale of 534
security on the loan, or cancellation of insurance shall be 535
considered payments on the loan, unless the parties otherwise 536
agree in writing at the time the amounts are applied. The amount 537
of the default charge shall not exceed the greater of five per 538
cent of the scheduled installment or fifteen dollars. 539

Sec. 1321.59. (A) No registrant under sections 1321.51 to 540
1321.60 of the Revised Code shall permit any borrower to be 541
indebted for a loan made under sections 1321.51 to 1321.60 of the 542
Revised Code at any time while the borrower is also indebted to an 543
affiliate or agent of the registrant for a loan made under 544
sections 1321.01 to 1321.19 of the Revised Code for the purpose or 545
with the result of obtaining greater charges than otherwise would 546
be permitted by sections 1321.51 to 1321.60 of the Revised Code. 547

(B) No registrant shall induce or permit any person to become 548
obligated to the registrant under sections 1321.51 to 1321.60 of 549
the Revised Code, directly or contingently, or both, under more 550

than one contract of loan at the same time for the purpose or with 551
the result of obtaining greater charges than would otherwise be 552
permitted by sections 1321.51 to 1321.60 of the Revised Code. 553

(C) No registrant shall refuse to provide information 554
regarding the amount required to pay in full a loan under sections 555
1321.51 to 1321.60 of the Revised Code when requested by the 556
borrower or by another person designated in writing by the 557
borrower. 558

(D) On any loan or application for a loan under sections 559
1321.51 to 1321.60 of the Revised Code secured by a mortgage on a 560
borrower's real estate which is other than a first lien on the 561
real estate, no person shall pay or receive, directly or 562
indirectly, fees or any other type of compensation for services of 563
a mortgage broker that, in the aggregate, exceed the lesser of one 564
thousand dollars or one per cent of the principal amount of the 565
loan. 566

(E) No registrant or licensee shall obtain a certificate of 567
registration or license through any false or fraudulent 568
representation of a material fact or any omission of a material 569
fact required by state or federal law, or make any substantial 570
misrepresentation in the registration or license application, to 571
engage in lending secured by real estate. 572

(F) No registrant or licensee, in connection with the 573
business of making or offering to make residential mortgage loans, 574
shall knowingly make false or misleading statements of a material 575
fact, omissions of statements required by state or federal law, or 576
false promises regarding a material fact, through advertising or 577
other means, or engage in a continued course of 578
misrepresentations. 579

(G) No registrant, licensee, or person making loans without a 580
certificate of registration in violation of division (A) of 581

section 1321.52 of the Revised Code, shall knowingly engage in 582
conduct, in connection with the business of making or offering to 583
make residential mortgage loans, that constitutes improper, 584
fraudulent, or dishonest dealings. 585

(H) No registrant, licensee, or applicant involved in the 586
business of making or offering to make residential mortgage loans 587
shall fail to notify the division of financial institutions within 588
thirty days after knowing any of the following: 589

(1) That the registrant, licensee, or applicant has been 590
convicted of or pleaded guilty or nolo contendere to a felony 591
offense in a domestic, foreign, or military court; 592

(2) That the registrant, licensee, or applicant has been 593
convicted of or pleaded guilty or nolo contendere to any criminal 594
offense involving theft, receiving stolen property, embezzlement, 595
forgery, fraud, passing bad checks, money laundering, breach of 596
trust, dishonesty, or drug trafficking, or any criminal offense 597
involving money or securities, in a domestic, foreign, or military 598
court; 599

(3) That the registrant, licensee, or applicant has had a 600
mortgage lender registration or mortgage loan originator license, 601
or comparable authority, revoked in any governmental jurisdiction. 602

(I) No registrant or licensee shall knowingly make, propose, 603
or solicit fraudulent, false, or misleading statements on any 604
mortgage document or on any document related to a mortgage loan, 605
including a mortgage application, real estate appraisal, or real 606
estate settlement or closing document. For purposes of this 607
division, "fraudulent, false, or misleading statements" does not 608
include mathematical errors, inadvertent transposition of numbers, 609
typographical errors, or any other bona fide error. 610

(J) No registrant or licensee shall knowingly instruct, 611
solicit, propose, or otherwise cause a borrower to sign in blank a 612

loan-related document in connection with a residential mortgage 613
loan. 614

(K) No registrant or licensee shall knowingly compensate, 615
instruct, induce, coerce, or intimidate, or attempt to compensate, 616
instruct, induce, coerce, or intimidate, a person licensed or 617
certified as an appraiser under Chapter 4763. of the Revised Code 618
for the purpose of corrupting or improperly influencing the 619
independent judgment of the person with respect to the value of 620
the dwelling offered as security for repayment of a mortgage loan. 621

(L) No registrant or licensee shall willfully retain original 622
documents provided to the registrant or licensee by the borrower 623
in connection with the residential mortgage loan application, 624
including income tax returns, account statements, or other 625
financial-related documents. 626

(M) No registrant or licensee shall, in connection with 627
making residential mortgage loans, receive, directly or 628
indirectly, a premium on the fees charged for services performed 629
by a bona fide third party. 630

(N) No registrant or licensee shall, in connection with 631
making residential mortgage loans, pay or receive, directly or 632
indirectly, a referral fee or kickback of any kind to or from a 633
bona fide third party or other party with a related interest in 634
the transaction, including a home improvement builder, real estate 635
developer, or real estate broker or agent, for the referral of 636
business. Nothing in this division shall prevent remuneration to a 637
registrant or licensee for the licensed sale of any insurance 638
product that is permitted under section 1321.57 of the Revised 639
Code, provided there is no additional fee or premium added to the 640
cost for the insurance and paid directly or indirectly by the 641
borrower. 642

(O) No registrant, licensee, or person making loans without a 643

certificate of registration in violation of division (A) of 644
section 1321.52 of the Revised Code shall, in connection with 645
making or offering to make residential mortgage loans, engage in 646
any unfair, deceptive, or unconscionable act or practice 647
prohibited under sections 1345.01 to 1345.13 of the Revised Code. 648

(P) No registrant shall charge a person a loan origination 649
charge or a credit investigation fee, as otherwise authorized 650
under section 1321.57 of the Revised Code, more than once per any 651
ninety-day period on any one or more loans with a principal amount 652
of one thousand dollars or less that is made pursuant to a license 653
issued under sections 1321.01 to 1321.19 of the Revised Code or a 654
registration issued under sections 1321.51 to 1321.60 of the 655
Revised Code. 656

(Q) With respect to a loan made under sections 1321.51 to 657
1321.60 of the Revised Code, a registrant may not do any of the 658
following: 659

(1) Charge or receive a fee for cashing a proceeds check or 660
money order disbursed to fund the loan; 661

(2) Require or direct a borrower to cash a proceeds check or 662
money order disbursed to fund the loan at the place of business of 663
the registrant, an affiliate of the registrant, or any third 664
party; 665

(3) Seek or obtain directly or indirectly compensation from 666
any affiliate or third party that provides check-cashing services 667
to cash a proceeds check or money order disbursed to fund the loan 668
by the registrant. 669

(R) No registrant shall require a borrower to obtain 670
membership in an organization or pay a membership fee. 671

Sec. 1321.99. (A) Whoever violates section 1321.02 of the 672
Revised Code is guilty of a felony of the fifth degree. 673

(B) Whoever violates section 1321.13 of the Revised Code 674
shall be fined not less than one hundred nor more than five 675
hundred dollars or imprisoned not more than six months, or both. 676

(C) Whoever violates section 1321.14 of the Revised Code 677
shall be fined not less than fifty nor more than two hundred 678
dollars for a first offense; for a second offense such person 679
shall be fined not less than two hundred nor more than five 680
hundred dollars and imprisoned for not more than six months. 681

(D) Whoever willfully violates section 1321.15, 1321.57, 682
1321.58, division (A), (B), (C), ~~or~~ (D), (P), (Q), or (R) of 683
section 1321.59, 1321.591, or 1321.60 of the Revised Code is 684
guilty of a minor misdemeanor and shall be fined not less than ~~one~~ 685
five hundred nor more than ~~five hundred~~ one thousand dollars. 686

(E) Whoever violates section 1321.52 or division (I), (J), 687
(K), (L), or (M) of section 1321.59 of the Revised Code is guilty 688
of a felony of the fifth degree. 689

(F) Whoever violates division (A) of section 1321.73 of the 690
Revised Code shall be fined not more than five hundred dollars or 691
imprisoned not more than six months, or both. 692

(G) Whoever violates section 1321.41 of the Revised Code is 693
guilty of a misdemeanor of the first degree. 694

(H) Whoever violates division (N) of section 1321.59 of the 695
Revised Code is guilty of a felony of the fourth degree. 696

(I) The imposition of fines pursuant to this section does not 697
preclude the imposition of any administrative fines or civil 698
penalties authorized under section 1321.54 or any other section of 699
the Revised Code. 700

Sec. 4712.021. (A) As often as the superintendent of 701
financial institutions considers it necessary, the superintendent 702
may examine the credit services organization's records, including 703

all records created or processed by the organization, pertaining 704
to business transacted pursuant to sections 1321.01 to 1321.19 or 705
sections 1321.51 to 1321.60 of the Revised Code. 706

(B) A credit services organization shall maintain records 707
pertaining to business transacted pursuant to sections 1321.01 to 708
1321.19 or sections 1321.51 to 1321.60 of the Revised Code for 709
four years. For purposes of this division, "credit services 710
organization" includes any person whose certificate of 711
registration is cancelled, surrendered, or revoked or who 712
otherwise ceases to engage in business. 713

No credit services organization shall fail to comply with 714
this division. 715

Sec. 4712.07. No credit services organization, salesperson, 716
agent, or representative of a credit services organization, or 717
independent contractor that sells or attempts to sell the services 718
of a credit services organization shall do any of the following: 719

(A) Charge or receive directly or indirectly from a buyer 720
money or other consideration readily convertible into money until 721
all services the organization has agreed to perform for the buyer 722
are completed within the time periods described in division (A)(3) 723
of section 4712.05 of the Revised Code. 724

(B) Charge or receive directly or indirectly from a buyer 725
money or other consideration readily convertible into money for 726
the referral of the buyer to a person that makes an extension of 727
credit or to a consumer reporting agency, except when credit has 728
actually been extended as a result of that referral; 729

(C) Make or use a false or misleading representation in the 730
offer or sale of the services of the organization, including 731
either of the following: 732

(1) Guarantying or otherwise stating that the organization is 733

able to delete an adverse credit history, unless the 734
representation clearly discloses that this can be done only if the 735
credit history is inaccurate or obsolete; 736

(2) Guarantying or otherwise stating that the organization is 737
able to obtain an extension of credit regardless of the buyer's 738
previous credit problems or credit history, unless the 739
representation clearly discloses the eligibility requirements for 740
obtaining an extension of credit. 741

(D) Engage, directly or indirectly, in an unconscionable, 742
unfair, or deceptive act or practice, as those terms are used and 743
defined in Chapter 1345. of the Revised Code, in connection with 744
the offer or sale of the services of a credit services 745
organization; 746

(E)(1) Make or advise a buyer to make a false or misleading 747
statement concerning the buyer's creditworthiness, identification, 748
credit standing, or credit capacity to any of the following: 749

(a) A consumer reporting agency; 750

(b) A person that has made an extension of credit to the 751
buyer; 752

(c) A person to which the buyer is applying for an extension 753
of credit. 754

(2) Division (E)(1) of this section applies to any statement 755
that the organization, salesperson, agent, representative, or 756
independent contractor knows or should know to be false or 757
misleading through the exercise of reasonable care. 758

(F) Advertise or cause to be advertised, in any manner, the 759
services of a credit services organization without being 760
registered with the division of financial institutions; 761

(G) Fail to maintain a statutory agent as required under 762
division (E) of section 4712.02 of the Revised Code; 763

(H) Transfer or assign a certificate of registration issued 764
by the division pursuant to section 4712.02 of the Revised Code; 765

(I) Submit the buyer's disputes to a consumer reporting 766
agency without the buyer's knowledge as evidenced by positive 767
identification, including the buyer's correct current residence 768
address, and written authorization personally signed by the buyer; 769

(J) Fail to maintain, for a period of time as determined by 770
the superintendent of financial institutions, all of the 771
following: 772

(1) A log of all contracts; 773

(2) Copies of each contract; 774

(3) Documentation that substantiates the validity of the 775
representation made pursuant to division (A)(5) of section 4712.05 776
of the Revised Code; 777

(4) Any other record specified by the superintendent. 778

(K) Contact a consumer reporting agency, by telephone or 779
otherwise, for the purpose of submitting or obtaining information 780
relative to any buyer, and state or imply that he or she is the 781
buyer or the buyer's attorney, guardian, or other legal 782
representative; 783

(L) Engage, directly or indirectly, in any fraudulent or 784
deceptive act, practice, or course of business in connection with 785
the offer or sale of the services of a credit services 786
organization, including knowingly acting in or abetting a scheme 787
to create an evasion of restrictions on fees or charges as set 788
forth in Chapter 1321. of the Revised Code. 789

Section 2. That existing sections 1315.26, 1321.13, 1321.15, 790
1321.57, 1321.59, 1321.99, and 4712.07 of the Revised Code are 791
hereby repealed. 792