

As Introduced

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H. B. No. 486

Representatives Lundy, Stebelton

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

A BILL

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

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

Section 1. That sections 1315.26, 1321.13, 1321.15, 1321.57, 6
1321.59, and 1321.99 of the Revised Code be amended to read as 7
follows: 8

Sec. 1315.26. (A) No check-cashing business shall charge 9
check-cashing fees or other check-cashing charges in an amount 10
that exceeds three per cent of the face amount of the check for 11
cashing checks issued by this state, a state agency, a political 12
subdivision of this state, or the United States. 13

(B) Each check-cashing business shall conspicuously post and 14
at all times display in every business location a schedule of its 15
fees and charges for all services permitted under sections 1315.21 16
to 1315.28 of the Revised Code. 17

(C) No check-cashing business shall charge a fee for cashing 18

a proceeds check or money order disbursed to fund a loan made by 19
the licensee or an affiliate of the licensee. 20

Sec. 1321.13. (A) Notwithstanding any other provisions of the 21
Revised Code, a licensee may contract for and receive interest, 22
calculated according to the actuarial method, at a rate or rates 23

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

(B) For purposes of computation of time on interest-bearing 34
and precomputed loans, including, but not limited to, the 35
calculation of interest, a month is considered one-twelfth of a 36
year, and a day is considered one three hundred sixty-fifth of a 37
year when calculation is made for a fraction of a month. A year is 38
as defined in section 1.44 of the Revised Code. A month is that 39
period described in section 1.45 of the Revised Code. 40

(C) With respect to interest-bearing loans: 41

(1) Interest shall be computed on unpaid principal balances 42
outstanding from time to time, for the time outstanding. Each 43
payment shall be applied first to unpaid charges and fees, then to 44
interest, and the remainder to the unpaid principal balance. 45
However, if the amount of the payment is insufficient to pay the 46
accumulated interest, the unpaid interest continues to accumulate 47
to be paid from the proceeds of subsequent payments and is not 48
added to the principal balance. If the maturity of the loan is 49

accelerated for any reason and judgment is entered, the licensee 50
may thereafter charge the same rate or rates of interest as 51
provided in the loan contract. 52

(2) Interest shall not be compounded. However, if part or all 53
of the consideration for a new loan contract is the unpaid 54
principal balance of a prior loan, then the principal amount 55
payable under the new loan contract may include any unpaid 56
interest that has accrued. The resulting loan contract shall be 57
deemed a new and separate loan transaction for purposes of this 58
section. The unpaid principal balance of a precomputed loan is the 59
balance due after refund or credit of unearned interest as 60
provided in division (D) (3) of this section. 61

(D) With respect to precomputed loans: 62

(1) Loans shall be repayable in substantially equal and 63
consecutive monthly installments of principal and interest 64
combined, except that the first installment period may exceed one 65
month by not more than fifteen days, and the first installment 66
payment amount may be larger than the remaining payments by the 67
amount of interest charged for the extra days; and provided 68
further that monthly installment payment dates may be omitted to 69
accommodate borrowers with seasonal income. 70

(2) Payments may be applied to the combined total of 71
principal and precomputed interest until maturity of the loan. A 72
licensee may charge interest after the original or deferred 73
maturity of a precomputed loan at the rate or rates provided in 74
division (A) of this section on all unpaid principal balances for 75
the time outstanding. 76

(3) When any loan contract is paid in full by cash, renewal, 77
refinancing, or a new loan, one month or more before the final 78
installment due date, the licensee shall refund, or credit the 79
borrower with, the total of the applicable charges for all fully 80

unexpired installment periods, as originally scheduled or as 81
deferred, that follow the day of prepayment. If the prepayment is 82
made other than on a scheduled installment ~~installment~~ due date, 83
the nearest scheduled due date shall be used in such computation. 84
If the prepayment occurs prior to the first installment due date, 85
the licensee may retain one-thirtieth of the applicable charge for 86

a first installment period of one month for each day from date of 87
loan to date of prepayment, and shall refund, or credit the 88
borrower with, the balance of the total interest contracted for. 89
If the maturity of the loan is accelerated for any reason and 90
judgment is entered, the licensee shall credit the borrower with 91
the same refund as if prepayment in full had been made on the date 92
the judgment is entered and may thereafter convert the loan to an 93
interest-bearing loan at the same rate or rates of interest as 94
provided in the loan contract. If the maturity of the loan is 95
accelerated for any reason, the licensee may convert the loan to 96
an interest-bearing loan at the same rate or rates of interest as 97
provided in the loan contract, provided the licensee credits the 98
borrower with the same refund on the precomputed loan as if 99
prepayment in full had been made on the date of the conversion. 100

(4) If the parties agree in writing, either in the loan 101
contract or in a subsequent agreement, to a deferment of wholly 102
unpaid installments, a licensee may grant a deferment and may 103
collect a deferment charge as provided in this section. A 104
deferment postpones the scheduled due date of the earliest unpaid 105
installment and all subsequent installments as originally 106
scheduled, or as previously deferred, for a period equal to the 107
deferment period. The deferment period is that period during which 108
no installment is scheduled to be paid by reason of the deferment. 109
The deferment charge for a one-month period may not exceed the 110
applicable charge for the installment period immediately following 111
the due date of the last undeferred installment. A proportionate 112
charge may be made for deferment for periods of more or less than 113

one month. A deferment charge is earned ~~prorata~~ pro rata during 114
the deferment period and is fully earned on the last day of the 115
deferment period. If a loan is prepaid in full during a deferment 116
period, the licensee shall make, or credit to the borrower, a 117
refund of the unearned deferment charge in addition to any other 118
refund or credit made for prepayment of the loan in full. 119

(E) A licensee, at the request of the borrower, may obtain, 120
on one or more borrowers, credit life insurance, credit accident 121
and health insurance, and unemployment insurance. The premium or 122
identifiable charge for the insurance may be included in the 123
principal amount of the loan and may not exceed the premium rate 124
filed by the insurer with the superintendent of insurance and not 125
disapproved by ~~him~~ the superintendent. If a licensee obtains the 126
insurance at the request of the borrower, the borrower shall have 127
the right to cancel the insurance for a period of twenty-five days 128
after the loan is made. If the borrower chooses to cancel the 129
insurance, the borrower shall give the licensee written notice of 130
this choice and shall return all of the policies or certificates 131
of insurance or notices of proposed insurance to the licensee 132
during such period, and the full premium or identifiable charge 133
for the insurance shall be refunded to the borrower by the 134
licensee. If the borrower requests, in the notice to cancel the 135
insurance, that this refund be applied to reduce the balance of a 136
precomputed loan, the licensee shall credit the amount of the 137
refund plus the amount of interest applicable to the refund to the 138
loan balance. 139

(F) A licensee may require the borrower to provide insurance 140
or a loss payable endorsement covering reasonable risks of loss, 141
damage, and destruction of property used as security for the loan 142
and with the consent of the borrower such insurance may cover 143
property other than that which is security for the loan. The 144
amount and term of required property insurance shall be reasonable 145

in relation to the amount and term of the loan contract and the 146
type and value of the security, and the insurance shall be 147
procured in accordance with the insurance laws of this state. The 148
purchase of this insurance through the licensee or an agent or 149
broker designated by the licensee shall not be a condition 150
precedent to the granting of the loan. If the borrower purchases 151

the insurance from or through the licensee or from another source, 152
the premium may be included in the principal amount of the loan. 153

(G) In addition to the interest and charges provided for by 154
this section, no further or other amount shall be charged, 155
received, or required by the licensee, including any fees assessed 156
by a credit services organization that holds or is required to 157
hold a certificate of registration under section 4712.02 of the 158
Revised Code, except the amounts of fees authorized by law to 159
record, file, or release security interests on a loan and fees for 160
credit reports, which amounts may be included in the principal 161
amount of the loan or collected at any time after the loan is 162
made, and except costs and disbursements to which the licensee may 163
become entitled by law in connection with any suit to collect a 164
loan or any lawful activity to realize on a security interest 165
after default. 166

(H) If the loan contract or security instrument contains 167
covenants by the borrower to perform certain duties pertaining to 168
insuring or preserving security and the licensee pursuant to the 169
loan contract or security instrument pays for performance of the 170
duties on behalf of the borrower, the licensee may add the amounts 171
paid to the unpaid principal balance of the loan or collect them 172
separately. A charge for interest may be made for sums advanced 173
not exceeding the rate of interest permitted by division (A) of 174
this section. Within a reasonable time after advancing a sum, the 175
licensee shall notify the borrower in writing of the amount 176
advanced, any interest charged with respect to the amount 177

advanced, any revised payment schedule, and shall include a brief description of the reason for the advance.

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

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

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

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

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

Sec. 1321.15. (A) No licensee shall knowingly induce or 209
permit any person, jointly or severally, to be obligated, directly 210
or contingently or both, under more than one contract of loan at 211
the same time for the purpose or with the result of obtaining a 212
higher rate of interest or greater charges than would otherwise be 213
permitted upon a single loan made under sections 1321.01 to 214
1321.19 of the Revised Code. 215

(B) No licensee shall charge, contract for, or receive, 216
directly or indirectly, interest and charges greater than such 217
licensee would be permitted to charge, contract for, or receive 218
without a license under sections 1321.01 to 1321.19 of the Revised 219
Code on any part of an indebtedness for one or more than one loan 220
of money if the amount of such indebtedness is in excess of five 221
thousand dollars. 222

(C) No licensee shall charge a person a loan origination 223
charge, as otherwise authorized under section 1321.13 of the 224
Revised Code more than once per any ninety-day period on any one 225
or more loans with a principal amount of one thousand dollars or 226
less. 227

(D) With respect to a loan made under sections 1321.01 to 228
1321.19 of the Revised Code, a licensee may not do any of the 229
following: 230

(1) Charge or receive a fee for cashing a proceeds check or 231
money order disbursed to fund the loan; 232

(2) Require or direct a borrower to cash a proceeds check or 233
money order disbursed to fund the loan at the place of business of 234
the licensee, an affiliate of the licensee, or any third party; 235

(3) Seek or obtain directly or indirectly compensation from 236
any affiliate or third party that provides check-cashing services 237
to cash a proceeds check or money order disbursed to fund the loan 238

by the licensee. 239

(E) For the purpose of the limitations set forth in this 240
section, the amount of any such indebtedness shall be determined 241
by including the entire obligation of any person to the licensee 242
for principal, direct or contingent or both, as borrower, 243
~~indorser, guarantor, surety for, or otherwise, whether incurred or~~ 244
subsisting under one or more than one contract of loan, except 245
that any contract of indorsement, guaranty, or suretyship that 246
does not obligate the indorser, guarantor, or surety for any 247
charges in excess of eight per cent per annum, is not included in 248
such entire obligation. If a licensee acquires, directly or 249
indirectly, by purchase or discount, bona fide obligations for 250
goods or services owed by the person who received such goods or 251
services to the person who provided such goods or services, then 252
the amount of such purchased or discounted indebtedness to the 253
licensee shall not be included in computing the aggregate 254
indebtedness of such borrower to the licensee for the purpose of 255
the prohibitions set forth in this section. 256

Sec. 1321.57. (A) Notwithstanding any other provisions of the 257
Revised Code, a registrant may contract for and receive interest, 258
calculated according to the actuarial method, at a rate or rates 259
not exceeding twenty-one per cent per year on the unpaid principal 260
balances of the loan. Loans may be interest-bearing or 261
precomputed. 262

(B) For purposes of computation of time on interest-bearing 263
and precomputed loans, including, but not limited to, the 264
calculation of interest, a month is considered one-twelfth of a 265
year, and a day is considered one three hundred sixty-fifth of a 266
year when calculation is made for a fraction of a month. A year is 267
as defined in section 1.44 of the Revised Code. A month is that 268
period described in section 1.45 of the Revised Code. 269

Alternatively, a registrant may consider a day as one three 270
hundred sixtieth of a year and each month as having thirty days. 271

(C) With respect to interest-bearing loans: 272

(1) (a) Interest shall be computed on unpaid principal 273
balances outstanding from time to time, for the time outstanding. 274

(b) As an alternative to the method of computing interest set 275
forth in division (C) (1) (a) of this section, a registrant may 276
charge and collect interest for the first installment period based 277
on elapsed time from the date of the loan to the first scheduled 278
payment due date, and for each succeeding installment period from 279
the scheduled payment due date to the next scheduled payment due 280
date, regardless of the date or dates the payments are actually 281
made. 282

(c) Whether a registrant computes interest pursuant to 283
division (C) (1) (a) or (b) of this section, each payment shall be 284
applied first to unpaid charges, then to interest, and the 285
remainder to the unpaid principal balance. However, if the amount 286
of the payment is insufficient to pay the accumulated interest, 287
the unpaid interest continues to accumulate to be paid from the 288
proceeds of subsequent payments and is not added to the principal 289
balance. 290

(2) Interest shall not be compounded, collected, or paid in 291
advance. However, both of the following apply: 292

(a) Interest may be charged to extend the first monthly 293
installment period by not more than fifteen days, and the interest 294
charged for the extension may be added to the principal amount of 295
the loan. 296

(b) If part or all of the consideration for a new loan 297
contract is the unpaid principal balance of a prior loan, the 298
principal amount payable under the new loan contract may include 299
any unpaid interest that has accrued. The resulting loan contract 300

shall be deemed a new and separate loan transaction for purposes 301
of this section. The unpaid principal balance of a precomputed 302
loan is the balance due after refund or credit of unearned 303
interest as provided in division (D)(3) of this section. 304

(D) With respect to precomputed loans: 305

(1) Loans shall be repayable in monthly installments of 306
principal and interest combined, except that the first installment 307
period may exceed one month by not more than fifteen days, and the 308
first installment payment amount may be larger than the remaining 309
payments by the amount of interest charged for the extra days; and 310
provided further that monthly installment payment dates may be 311
omitted to accommodate borrowers with seasonal income. 312

(2) Payments may be applied to the combined total of 313
principal and precomputed interest until maturity of the loan. A 314
registrant may charge interest after the original or deferred 315
maturity of a precomputed loan at the rate specified in division 316
(A) of this section on all unpaid principal balances for the time 317
outstanding. 318

(3) When any loan contract is paid in full by cash, renewal, 319
refinancing, or a new loan, one month or more before the final 320
installment due date, the registrant shall refund, or credit the 321
borrower with, the total of the applicable charges for all fully 322
unexpired installment periods, as originally scheduled or as 323
deferred, that follow the day of prepayment. If the prepayment is 324
made other than on a scheduled installment due date, the nearest 325
scheduled installment due date shall be used in such computation. 326
If the prepayment occurs prior to the first installment due date, 327
the registrant may retain one-thirtieth of the applicable charge 328
for a first installment period of one month for each day from date 329
of loan to date of prepayment, and shall refund, or credit the 330
borrower with, the balance of the total interest contracted for. 331
If the maturity of the loan is accelerated for any reason and 332

judgment is entered, the registrant shall credit the borrower with 333
the same refund as if prepayment in full had been made on the date 334
the judgment is entered. 335

(4) If the parties agree in writing, either in the loan 336
contract or in a subsequent agreement, to a deferment of wholly 337
unpaid installments, a registrant may grant a deferment and may 338
collect a deferment charge as provided in this section. A 339
deferment postpones the scheduled due date of the earliest unpaid 340
installment and all subsequent installments as originally 341
scheduled, or as previously deferred, for a period equal to the 342
deferment period. The deferment period is that period during which 343
no installment is scheduled to be paid by reason of the deferment. 344
The deferment charge for a one-month period may not exceed the 345
applicable charge for the installment period immediately following 346
the due date of the last undeferred installment. A proportionate 347
charge may be made for deferment for periods of more or less than 348
one month. A deferment charge is earned pro rata during the 349
deferment period and is fully earned on the last day of the 350
deferment period. If a loan is prepaid in full during a deferment 351
period, the registrant shall make, or credit to the borrower, a 352
refund of the unearned deferment charge in addition to any other 353
refund or credit made for prepayment of the loan in full. 354

(E) A registrant, at the request of the borrower, may obtain, 355
on one or more borrowers, credit life insurance, credit accident 356
and health insurance, and unemployment insurance. The premium or 357
identifiable charge for the insurance may be included in the 358
principal amount of the loan and may not exceed the premium rate 359
filed by the insurer with the superintendent of insurance and not 360
disapproved by the superintendent. If a registrant obtains the 361
insurance at the request of the borrower, the borrower shall have 362
the right to cancel the insurance for a period of twenty-five days 363
after the loan is made. If the borrower chooses to cancel the 364

insurance, the borrower shall give the registrant written notice 365
of this choice and shall return all of the policies or 366
certificates of insurance or notices of proposed insurance to the 367
registrant during such period, and the full premium or 368
identifiable charge for the insurance shall be refunded to the 369
borrower by the registrant. If the borrower requests, in the 370

notice to cancel the insurance, that this refund be applied to 371
reduce the balance of a precomputed loan, the registrant shall 372
credit the amount of the refund plus the amount of interest 373
applicable to the refund to the loan balance. 374

If the registrant obtains the insurance at the request of the 375
borrower, the registrant shall not charge or collect interest on 376
any insured amount that remains unpaid after the insured 377
borrower's date of death. 378

(F) A registrant may require the borrower to provide 379
insurance or a loss payable endorsement covering reasonable risks 380
of loss, damage, and destruction of property used as security for 381
the loan and with the consent of the borrower such insurance may 382
cover property other than that which is security for the loan. The 383
amount and term of required property insurance shall be reasonable 384
in relation to the amount and term of the loan contract and the 385
type and value of the security, and the insurance shall be 386
procured in accordance with the insurance laws of this state. The 387
purchase of this insurance through the registrant or an agent or 388
broker designated by the registrant shall not be a condition 389
precedent to the granting of the loan. If the borrower purchases 390
the insurance from or through the registrant or from another 391
source, the premium may be included in the principal amount of the 392
loan. 393

(G) On loans secured by an interest in real estate, all of 394
the following apply: 395

(1) A registrant, if not prohibited by section 1343.011 of 396

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

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

(b) A prepayment penalty.

(2) As an alternative to the prepayment penalty described in division (G)(1) of this section, a registrant may contract for, charge, and receive the prepayment penalty described in division (G)(2) of this section for the prepayment of a loan prior to two years after the date the loan contract is executed. This prepayment penalty shall not exceed two per cent of the original principal amount of the loan if the loan is paid in full prior to one year after the date the loan contract is executed. The penalty shall not exceed one per cent of the original principal amount of the loan if the loan is paid in full at any time from one year, but prior to two years, after the date the loan contract is executed. A registrant shall not charge or receive a prepayment penalty under division (G)(2) of this section if any of the following applies:

(a) The loan is a refinancing by the same registrant or a registrant to whom the loan has been assigned;

(b) The loan is paid in full as a result of the sale of the real estate that secures the loan;

(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, 428
or destruction of the real estate that secures the loan. 429

(3) Division (G) of this section is not a limitation on 430
discount points or other charges for purposes of section 501(b)(4) 431
of the "Depository Institutions Deregulation and Monetary Control 432
Act of 1980," 94 Stat. 161, 12 U.S.C.A. 1735f-7 note. 433

(H) (1) In addition to the interest and charges provided for 434
by this section, no further or other amount, whether in the form 435
of broker fees, including any fees assessed by a credit services 436
organization that holds or is required to hold a certificate of 437
registration under section 4712.02 of the Revised Code, placement 438
fees, or any other fees whatsoever, shall be charged, required, or 439
received by the registrant, except costs and disbursements in 440
connection with any suit to collect a loan or any lawful activity 441
to realize on a security interest or mortgage after default, 442
including reasonable attorney fees incurred by the registrant as a 443
result of the suit or activity and to which the registrant becomes 444
entitled by law, and except the following additional charges which 445
may be included in the principal amount of the loan or collected 446
at any time after the loan is made: 447

(a) The amounts of fees authorized by law to record, file, or 448
release security interests and mortgages on a loan; 449

(b) With respect to a loan secured by an interest in real 450
estate, the following closing costs, if they are bona fide, 451
reasonable in amount, paid to third parties, and not for the 452
purpose of circumvention or evasion of this section: 453

(i) Fees or premiums for title examination, abstract of 454
title, title insurance, surveys, title endorsements, title 455
binders, title commitments, home inspections, or pest inspections; 456
settlement or closing costs paid to unaffiliated third parties; 457
courier fees; and any federally mandated flood plain certification 458

fee;	459
(ii) If not paid to the registrant, an employee of the registrant, or a person affiliated with the registrant, fees for preparation of a mortgage, settlement statement, or other documents, fees for notarizing mortgages and other documents, appraisal fees, and fees for any federally mandated inspection of home improvement work financed by a second mortgage loan;	460 461 462 463 464 465
(c) Fees for credit investigations not exceeding ten dollars.	466
(2) Division (H) (1) of this section does not limit the rights of registrants to engage in other transactions with borrowers, provided the transactions are not a condition of the loan.	467 468 469
(I) If the loan contract or security instrument contains covenants by the borrower to perform certain duties pertaining to insuring or preserving security and the registrant pursuant to the loan contract or security instrument pays for performance of the duties on behalf of the borrower, the registrant may add the amounts paid to the unpaid principal balance of the loan or collect them separately. A charge for interest may be made for sums advanced not exceeding the rate of interest permitted by division (A) of this section. Within a reasonable time after advancing a sum, the registrant shall notify the borrower in writing of the amount advanced, any interest charged with respect to the amount advanced, any revised payment schedule, and shall include a brief description of the reason for the advance.	470 471 472 473 474 475 476 477 478 479 480 481 482
(J) (1) In addition to points authorized under division (G) of this section <u>and except as prohibited in section 1321.59 of the Revised Code</u> , a registrant may charge and receive the following:	483 484 485
(a) With respect to loans secured by goods or real estate: if the principal amount of the loan is five hundred dollars or less, loan origination charges not exceeding fifteen dollars; if the principal amount of the loan is more than five hundred dollars but	486 487 488 489

less than one thousand dollars, loan origination charges not 490
exceeding thirty dollars; if the principal amount of the loan is 491
at least one thousand dollars but less than two thousand dollars, 492
loan origination charges not exceeding one hundred dollars; if the 493
principal amount of the loan is at least two thousand dollars but 494
less than five thousand dollars, loan origination charges not 495
exceeding two hundred dollars; and if the principal amount of the 496
loan is at least five thousand dollars, loan origination charges 497
not exceeding the greater of two hundred fifty dollars or one per 498
cent of the principal amount of the loan. 499

(b) With respect to loans that are not secured by goods or 500
real estate: if the principal amount of the loan is five hundred 501
dollars or less, loan origination charges not exceeding fifteen 502
dollars; if the principal amount of the loan is more than five 503
hundred dollars but less than one thousand dollars, loan 504
origination charges not exceeding thirty dollars; if the principal 505
amount of the loan is at least one thousand dollars but less than 506
five thousand dollars, loan origination charges not exceeding one 507
hundred dollars; and if the principal amount of the loan is at 508
least five thousand dollars, loan origination charges not 509
exceeding the greater of two hundred fifty dollars or one per cent 510
of the principal amount of the loan. 511

(2) If a refinancing occurs within ninety days after the date 512
of the refinanced loan, a registrant may not impose loan 513
origination charges on the portion of the principal amount that is 514
applied to the unpaid principal amount of the refinanced loan. 515

(3) Loan origination charges may be paid by the borrower at 516
the time of the loan or may be included in the principal amount of 517
the loan. 518

(K) A registrant may charge and receive check collection 519
charges not greater than twenty dollars plus any amount passed on 520
from other depository institutions for each check, negotiable 521

order of withdrawal, share draft, or other negotiable instrument 522
returned or dishonored for any reason. 523

(L) If the loan contract so provides, a registrant may 524
collect a default charge on any installment not paid in full 525
within ten days after its due date. For this purpose, all 526
~~installments are considered paid in the order in which they become~~ 527
due. Any amounts applied to an outstanding loan balance as a 528
result of voluntary release of a security interest, sale of 529
security on the loan, or cancellation of insurance shall be 530
considered payments on the loan, unless the parties otherwise 531
agree in writing at the time the amounts are applied. The amount 532
of the default charge shall not exceed the greater of five per 533
cent of the scheduled installment or fifteen dollars. 534

Sec. 1321.59. (A) No registrant under sections 1321.51 to 535
1321.60 of the Revised Code shall permit any borrower to be 536
indebted for a loan made under sections 1321.51 to 1321.60 of the 537
Revised Code at any time while the borrower is also indebted to an 538
affiliate or agent of the registrant for a loan made under 539
sections 1321.01 to 1321.19 of the Revised Code for the purpose or 540
with the result of obtaining greater charges than otherwise would 541
be permitted by sections 1321.51 to 1321.60 of the Revised Code. 542

(B) No registrant shall induce or permit any person to become 543
obligated to the registrant under sections 1321.51 to 1321.60 of 544
the Revised Code, directly or contingently, or both, under more 545
than one contract of loan at the same time for the purpose or with 546
the result of obtaining greater charges than would otherwise be 547
permitted by sections 1321.51 to 1321.60 of the Revised Code. 548

(C) No registrant shall refuse to provide information 549
regarding the amount required to pay in full a loan under sections 550
1321.51 to 1321.60 of the Revised Code when requested by the 551
borrower or by another person designated in writing by the 552

borrower. 553

(D) On any loan or application for a loan under sections 554
1321.51 to 1321.60 of the Revised Code secured by a mortgage on a 555
borrower's real estate which is other than a first lien on the 556
real estate, no person shall pay or receive, directly or 557
~~indirectly, fees or any other type of compensation for services of~~ 558
a mortgage broker that, in the aggregate, exceed the lesser of one 559
thousand dollars or one per cent of the principal amount of the 560
loan. 561

(E) No registrant or licensee shall obtain a certificate of 562
registration or license through any false or fraudulent 563
representation of a material fact or any omission of a material 564
fact required by state or federal law, or make any substantial 565
misrepresentation in the registration or license application, to 566
engage in lending secured by real estate. 567

(F) No registrant or licensee, in connection with the 568
business of making or offering to make residential mortgage loans, 569
shall knowingly make false or misleading statements of a material 570
fact, omissions of statements required by state or federal law, or 571
false promises regarding a material fact, through advertising or 572
other means, or engage in a continued course of 573
misrepresentations. 574

(G) No registrant, licensee, or person making loans without a 575
certificate of registration in violation of division (A) of 576
section 1321.52 of the Revised Code, shall knowingly engage in 577
conduct, in connection with the business of making or offering to 578
make residential mortgage loans, that constitutes improper, 579
fraudulent, or dishonest dealings. 580

(H) No registrant, licensee, or applicant involved in the 581
business of making or offering to make residential mortgage loans 582
shall fail to notify the division of financial institutions within 583

thirty days after knowing any of the following: 584

(1) That the registrant, licensee, or applicant has been 585
convicted of or pleaded guilty or nolo contendere to a felony 586
offense in a domestic, foreign, or military court; 587

(2) That the registrant, licensee, or applicant has been 588
convicted of or pleaded guilty or nolo contendere to any criminal 589
offense involving theft, receiving stolen property, embezzlement, 590
forgery, fraud, passing bad checks, money laundering, breach of 591
trust, dishonesty, or drug trafficking, or any criminal offense 592
involving money or securities, in a domestic, foreign, or military 593
court; 594

(3) That the registrant, licensee, or applicant has had a 595
mortgage lender registration or mortgage loan originator license, 596
or comparable authority, revoked in any governmental jurisdiction. 597

(I) No registrant or licensee shall knowingly make, propose, 598
or solicit fraudulent, false, or misleading statements on any 599
mortgage document or on any document related to a mortgage loan, 600
including a mortgage application, real estate appraisal, or real 601
estate settlement or closing document. For purposes of this 602
division, "fraudulent, false, or misleading statements" does not 603
include mathematical errors, inadvertent transposition of numbers, 604
typographical errors, or any other bona fide error. 605

(J) No registrant or licensee shall knowingly instruct, 606
solicit, propose, or otherwise cause a borrower to sign in blank a 607
loan-related document in connection with a residential mortgage 608
loan. 609

(K) No registrant or licensee shall knowingly compensate, 610
instruct, induce, coerce, or intimidate, or attempt to compensate, 611
instruct, induce, coerce, or intimidate, a person licensed or 612
certified as an appraiser under Chapter 4763. of the Revised Code 613
for the purpose of corrupting or improperly influencing the 614

independent judgment of the person with respect to the value of 615
the dwelling offered as security for repayment of a mortgage loan. 616

(L) No registrant or licensee shall willfully retain original 617
documents provided to the registrant or licensee by the borrower 618
in connection with the residential mortgage loan application, 619
~~including income tax returns, account statements, or other~~ 620
financial-related documents. 621

(M) No registrant or licensee shall, in connection with 622
making residential mortgage loans, receive, directly or 623
indirectly, a premium on the fees charged for services performed 624
by a bona fide third party. 625

(N) No registrant or licensee shall, in connection with 626
making residential mortgage loans, pay or receive, directly or 627
indirectly, a referral fee or kickback of any kind to or from a 628
bona fide third party or other party with a related interest in 629
the transaction, including a home improvement builder, real estate 630
developer, or real estate broker or agent, for the referral of 631
business. Nothing in this division shall prevent remuneration to a 632
registrant or licensee for the licensed sale of any insurance 633
product that is permitted under section 1321.57 of the Revised 634
Code, provided there is no additional fee or premium added to the 635
cost for the insurance and paid directly or indirectly by the 636
borrower. 637

(O) No registrant, licensee, or person making loans without a 638
certificate of registration in violation of division (A) of 639
section 1321.52 of the Revised Code shall, in connection with 640
making or offering to make residential mortgage loans, engage in 641
any unfair, deceptive, or unconscionable act or practice 642
prohibited under sections 1345.01 to 1345.13 of the Revised Code. 643

(P) No registrant shall charge a person a loan origination 644
charge or a credit investigation fee, as otherwise authorized 645

under section 1321.57 of the Revised Code, more than once per any 646
ninety-day period on any one or more loans with a principal amount 647
of one thousand dollars or less. 648

(O) With respect to a loan made under sections 1321.51 to 649
1321.60 of the Revised Code, a registrant may not do any of the 650
following: 651

(1) Charge or receive a fee for cashing a proceeds check or 652
money order disbursed to fund the loan; 653

(2) Require or direct a borrower to cash a proceeds check or 654
money order disbursed to fund the loan at the place of business of 655
the registrant, an affiliate of the registrant, or any third 656
party; 657

(3) Seek or obtain directly or indirectly compensation from 658
any affiliate or third party that provides check-cashing services 659
to cash a proceeds check or money order disbursed to fund the loan 660
by the registrant. 661

Sec. 1321.99. (A) Whoever violates section 1321.02 of the 662
Revised Code is guilty of a felony of the fifth degree. 663

(B) Whoever violates section 1321.13 of the Revised Code 664
shall be fined not less than one hundred nor more than five 665
hundred dollars or imprisoned not more than six months, or both. 666

(C) Whoever violates section 1321.14 of the Revised Code 667
shall be fined not less than fifty nor more than two hundred 668
dollars for a first offense; for a second offense such person 669
shall be fined not less than two hundred nor more than five 670
hundred dollars and imprisoned for not more than six months. 671

(D) Whoever willfully violates section 1321.15, 1321.57, 672
1321.58, division (A), (B), (C), ~~or~~ (D), (P), or (O) of section 673
1321.59, 1321.591, or 1321.60 of the Revised Code is guilty of a 674
minor misdemeanor and shall be fined not less than ~~one~~ five 675

hundred nor more than ~~five hundred~~ one thousand dollars. 676

(E) Whoever violates section 1321.52 or division (I), (J), 677
(K), (L), or (M) of section 1321.59 of the Revised Code is guilty 678
of a felony of the fifth degree. 679

(F) Whoever violates division (A) of section 1321.73 of the 680
Revised Code shall be fined not more than five hundred dollars or 681
imprisoned not more than six months, or both. 682

(G) Whoever violates section 1321.41 of the Revised Code is 683
guilty of a misdemeanor of the first degree. 684

(H) Whoever violates division (N) of section 1321.59 of the 685
Revised Code is guilty of a felony of the fourth degree. 686

(I) The imposition of fines pursuant to this section does not 687
preclude the imposition of any administrative fines or civil 688
penalties authorized under section 1321.54 or any other section of 689
the Revised Code. 690

Section 2. That existing sections 1315.26, 1321.13, 1321.15, 691
1321.57, 1321.59, and 1321.99 of the Revised Code are hereby 692
repealed. 693