

Financial Institutions and Consumer Finance

Sub. H.B. 123

Reps. Koehler and Ashford, Antonio, Barnes, Boyd, Brown, Clyde, Craig, Fedor, Greenspan, Holmes, Howse, Ingram, Leland, Lepore-Hagan, Lipps, Miller, O'Brien, Patterson, Ramos, Rogers, Ryan, Schuring, Sheehy, K. Smith, Sykes, West, R. Smith

Sens. Burke, Hottinger, Lehner, Manning, Oelslager, Schiavoni, Sykes, Tavares, Thomas, Yuko

Effective date: October 29, 2018; applies to loans made and credit extensions obtained beginning April 27, 2019

Short-Term Loan Law

- Increases, from \$500 to \$1,000, the maximum amount a licensee can loan under the Short-Term Loan Law.
- Except as stated below, restricts the minimum duration of the loan to 91 days and the maximum loan duration to one year.
- Permits loans for less than 91 days if the total monthly payment on the loan does not exceed 6% of the borrower's verified gross monthly income or 7% of the borrower's verified net monthly income, whichever is greater.
- Permits the borrower to rescind or cancel the loan contract up to 5 p.m. of the third business day following the day of the loan transaction.
- Restricts the fees and charges that a licensee may charge for a loan to (1) interest not exceeding 28% per year, (2) a monthly maintenance fee, (3) a loan origination charge (only if the loan is \$500 or greater), (4) a single check collection charge, and (5) a check cashing fee, and sets limits on the amount for these fees and charges.
- Prohibits the total fees and charges a licensee can collect on a loan from exceeding 60% of the originally contracted loan amount.
- Permits a licensee to refinance a loan if the licensee does not collect a monthly maintenance fee on the refinanced loan.
- Requires that if a loan is prepaid in full or refinanced prior to its maturity date, the licensee must refund to the borrower a prorated portion of the charges.
- Except for a refinanced loan, prohibits a licensee from making a loan if there exists an outstanding loan between that borrower and (1) the licensee, (2) a person related to the licensee by common ownership or control, or (3) any employee or agent of the licensee.

- Prohibits a licensee from electronically drafting funds from the borrower's bank account without the borrower's written approval, and prohibits a licensee from attempting to collect from a borrower's account after two consecutive attempts have failed, unless the licensee obtains a new written authorization.
- Prohibits a licensee from making a loan to a borrower if the loan will result in a total outstanding principal of more than \$2,500 at any one time.
- Prohibits a licensee from failing to accept cash or a certified check from a third party when submitted on the borrower's behalf for repayment of the loan.
- Limits the ability of a licensee to contact a borrower for specified reasons.
- Prohibits a licensee from failing to provide notice and the information needed to a borrower to make future payments when a loan or its servicing is sold or assigned.
- Prohibits a licensee from making a loan that contains a demand feature that accelerates the loan if the borrower does not comply with the terms, unless the licensee (1) timely provides written notice to the borrower of the loan's termination and (2) collects only the outstanding balance and prorated interest and fees earned up to the termination date.
- Repeals a statewide common database to be used by licensees to track short-term loans made to borrowers.
- Eliminates the requirement that a licensee can only lend to a borrower physically present in the licensee's business location and that the business location must be located in Ohio.
- Removes the prohibition regarding the licensee making or offering a loan via the Internet.
- Modifies the requirement related to the annual analysis of business conducted under the Law that is published by the Division of Financial Institutions.
- Exempts certain depository institutions from the Law.

Small Loan and General Loan laws

- Prohibits licensees under the Small Loan Law and registrants under the General Loan Law from making loans (1) of \$1,000 or less or (2) with a duration of one year or less.

Credit service organizations

- Prohibits credit services organizations from brokering or performing any other services with respect to an extension of credit that is less than \$5,000, has a repayment term of one year or less, or has an annual percentage rate greater than 28%.

Sub. H.B. 213

Reps. Dever, Celebrezze, Antonio, Arndt, Ashford, Blessing, Boggs, Galonski, Hambley, Holmes, Ingram, Rogers, Seitz, Strahorn, Sweeney

Sens. Coley, Eklund, Hoagland, O'Brien, Terhar

Effective date: Emergency, but most sections effective December 14, 2018; one section effective June 14, 2018

- Prohibits a person from performing appraisal management services, or otherwise engaging in business as an appraisal management company, without an appraisal management company license.
- Prohibits certain acts relating to the appraisal management business.
- Changes the circumstances under which a lender can be excused from the requirement that a person performing a real estate appraisal for a mortgage loan be licensed or certified as an appraiser.
- Makes changes to the Real Estate Appraisal Law.

Sub. H.B. 353

Reps. Reineke, Dever, Sprague, Anielski, Antonio, Barnes, Cupp, Ginter, Green, Greenspan, Hambley, Henne, Householder, T. Johnson, Keller, Landis, Lang, Lepore-Hagan, McClain, Perales, Riedel, Rogers, Romanchuck, Ryan, Seitz, Sheehy, K. Smith, R. Smith, Stein, Strahorn, Sweeney, Thompson, West, Young

Sens. Beagle, Burke, Dolan, Eklund, Hackett, Hoagland, Huffman, Oelslager, Wilson

Effective date: January 22, 2019

- Exempts from Ohio's Unclaimed Funds Law certain open-loop prepaid cards, closed-loop prepaid cards, and rewards cards.
- Expands an exemption from the Unclaimed Funds Law regarding gift certificates, gift cards, and merchandise credit cards to include an "obligation" due a retail customer, not just a credit, and requires that the gift certificate or card be redeemable for "goods and services" rather than "merchandise."

Sub. H.B. 489

Reps. Dever, Anielski, Antonio, Craig, Hambley, Holmes, Hoops, Hughes, Lepore-Hagan, O'Brien, Patton, Perales, Reineke, Romanchuk, Ryan, Seitz, K. Smith, Thompson, West, Wiggam, Young

Sens. Bacon, Burke, Coley, Dolan, Eklund, Gardner, Hackett, Hoagland, Hottinger, Huffman, Jordan, Kunze, LaRose, McColley, O'Brien, Oelslager, Peterson, Sykes, Thomas, Wilson, Yuko

Effective date: March 20, 2019

Financial institutions – general regulation

- Revises the regulations relating to state banks and credit unions with respect to:
 - The frequency of examinations by the Superintendent of Financial Institutions;
 - The reporting and correction of bona fide errors;
 - The retroactive application of the Superintendent's rules.

Credit Union Law

- Modifies the Credit Union Law with respect to:
 - Membership, voting by members, and members' meetings;
 - The board of directors;
 - Credit committees;
 - Compensation and gifts;
 - Acquisition of real estate and obtaining of service facilities;
 - Programs to promote consumer savings;
 - The Credit Union Council;
 - Service of process for foreign credit unions; and
 - The misleading use of a credit union's name.

Banking Law: limitation on certain charges

- Removes the limitation on prepayment or refinancing penalties and discount points applicable to residential mortgage loans made by banks.

Data analytics

- Enables the General Assembly to request the Director of the Legislative Service Commission arrange that data analytics be conducted on publicly available information regarding state banks and credit unions and the consumer finance companies regulated by the Superintendent.

Consumer-related provisions

- Allows for a private right of action under the provisions of the Banking Law relating to revolving credit agreements and allowable interest rates and fees.
- With respect to mortgage servicers:
 - Prohibits a person from acting as a mortgage servicer without first obtaining a certificate of registration under the Ohio Residential Mortgage Lending Act

(RMLA) and makes a violation of this prohibition a fifth degree felony, strict liability offense;

- Exempts from registration all entities exempt from the RMLA, including state or federally chartered depository institutions;
- Requires mortgage servicers to comply with the application requirements, restrictions, record retention requirements, and surety bond requirements of the RMLA.
- Requires a person collecting a debt that is in default and is secured by a junior lien on a residential property to send a prescribed notice to the debtor.
- Provides a qualified immunity from civil liability to a person collecting such a debt if the person makes a "bona fide error" and takes certain steps after the error is made.

Receivership

- Modifies the publishing of notice of a receiver's claim procedure in the event of an involuntary liquidation of a bank.