

H.B. 489  
As Introduced

**Topic:** Limitation on prepayment penalties and discount points

\_\_\_\_\_ moved to amend as follows:

In line 1 of the title, after "1101.05," insert "1109.20," 1

In line 17, after "1101.05," insert "1109.20," 2

After line 54, insert: 3

"**Sec. 1109.20.** (A) A bank may contract for and receive 4  
interest or finance charges at any rate or rates agreed upon or 5  
consented to by the parties to the loan contract, extension of 6  
credit, or revolving credit agreement, but not exceeding an annual 7  
percentage rate of twenty-five per cent. In addition, a bank may 8  
charge, collect, and receive, as interest, other fees and charges 9  
that are agreed upon by the bank and the borrower, including, but 10  
not limited to, periodic membership fees, cash advance fees, 11  
charges for exceeding a designated credit limit, charges for late 12  
payments, charges for the return of a dishonored check or other 13  
payment instrument, guarantee fees, origination fees, processing 14  
fees, application fees, and prepayment fees. Any fees and charges 15  
charged, collected, or received by a bank in accordance with this 16  
division shall not be included in the computation of the annual 17  
percentage rate or the rates of interest or finance charges for 18  
purposes of applying the twenty-five per cent limitation. 19

The computation of the loan balance on which interest and  
finance charges are assessed and the method of compounding  
interest on the balance shall be as agreed upon by the bank and  
the borrower.

(B) For the purposes of section 85 of the "National Bank  
Act," 48 Stat. 191 (1933), 12 U.S.C.A. 85, and section 521 of the  
"Depository Institutions Deregulation and Monetary Control Act of  
1980," 94 Stat. 132, 12 U.S.C.A. 1831d, both of the following  
apply:

(1) All the interest and finance charges and other fees and  
charges authorized under division (A) of this section are deemed  
to be interest and may be charged, collected, and received as  
interest by a bank.

(2) All terms, conditions, and other provisions authorized by  
this section and other provisions contained in any agreement with  
the borrower, including, but not limited to, terms, conditions,  
and other provisions relating to the method of determining the  
balance upon which interest or finance charges are applied, time  
periods within which fees and charges may be avoided, reasons for  
default and rights to cure any default, rights to accelerate  
payments, account cancellation, choice of law, and change-in-terms  
requirements, are deemed to be material to the determination of  
the interest rate.

(C) Any agreement between a bank and a borrower, wherever the  
borrower's place of residence, shall be governed solely by the  
laws of this state and federal law, unless otherwise provided for  
in the agreement.

(D) Subject to any requirements under applicable federal law,  
a bank and a borrower may specify in their agreement any terms and  
conditions for modifying or amending the agreement.

(E) ~~Except as provided in section 1343.011 of the Revised~~ 50  
~~Code, the~~ The charging, collection, or receipt of the interest and 51  
finance charges, and other fees and charges authorized under this 52  
section are deemed not to violate any provision of the Revised 53  
Code that prescribes, regulates, or limits any fee, charge, rate 54  
of interest, or finance charges." 55

In line 1778, after "1101.05," insert "1109.20," 56

The motion was \_\_\_\_\_ agreed to.