



OHIO LEGISLATIVE SERVICE COMMISSION

Sub. Bill Comparative Synopsis

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Sub. H.B. 199

132nd General Assembly

(H. Financial Institutions, Housing, and Urban Development)

This table summarizes how the latest substitute version of the bill differs from the immediately preceding version. It addresses only the topics on which the two versions differ substantively. It does not list topics on which the two bills are substantively the same.

Topic	H.B. 199 (As Introduced)	Sub. Version (L-132-0231-4)
Type of loan transaction	Permits a registrant to make unsecured loans, and loans secured by other than real estate, that are for more than \$5,000, on terms and conditions provided under R.C. 1321.51 to 1321.60 (the General Loan Law for purposes of this synopsis) <i>(R.C. 1321.52(A)(1) and (C))</i> .	Authorizes a registrant to make unsecured loans and loans secured by other than residential real estate or a dwelling <i>(R.C. 1321.52(A)(1) and (C))</i> .
Registered lenders	Prohibits acting without a certificate of registration for loan transactions under the General Loan Law. Provides that a lender who is subject to the General Loan Law and makes a loan while not being registered: (1) has no right to interest on the loan, (2) is subject to liability for excess interest charged if the lender subsequently sells or assigns that loan, (3) may be subject to	Permits a registrant to make a loan other than a residential mortgage loan on terms and conditions provided under the General Loan Law. No provision. <i>(R.C. 1321.52(A)(1), (D), and (G) and 1321.99.)</i>

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	<p>administrative action by the Superintendent of Financial Institutions, and (4) is guilty of a fifth degree felony.</p> <p><i>(R.C. 1321.52(A)(1), (D), and (F) and 1321.99(E).)</i></p>	
Loan originator license	<p>Eliminates a "mortgage loan originator" license under what currently is the "Mortgage Loan Law" (General Loan Law under the bill) <i>(R.C. 1321.51(P)).</i></p> <p>Establishes a "loan originator license" <i>(R.C. 1321.51(P)).</i></p> <p>Makes conforming changes to replace most terms and conditions that apply to a "mortgage loan originator" licensee to instead apply to a "loan originator" licensee <i>(R.C. 1321.51 to 1321.60).</i></p>	<p>Same.</p> <p>No provision.</p> <p>No provision, eliminates all references to a licensee <i>(including repeal of R.C. 1321.531 and 1321.532).</i></p>
Credit union servicing organization exemption	<p>Retains part of a current law exemption for credit union servicing organization relating to regulation under the General Loan Law <i>(R.C. 1321.53(D)(6)).</i></p>	<p>Eliminates exemption <i>(R.C. 1321.53(D)(6) and 1321.522 (repealed)).</i></p>
Prohibitions	<p>Retains part of an existing law prohibition against a registrant or licensee obtaining a certificate of registration or license through any false or fraudulent representation of a material fact or any omission of a material fact required by Ohio or federal law, or make any substantial misrepresentation in the registration or license application under the General Loan Law <i>(R.C.1321.59(D)).</i></p>	<p>No provision.</p>

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	Retains part of an existing law prohibition against a registrant or licensee knowingly making a false or misleading statement of a material fact, omissions of statements required by state or federal law, or false promises regarding a material fact, through advertising or other means (<i>R.C. 1321.59(E)</i>).	No provision.
	Retains part of an existing law prohibition against a registrant, licensee, or person making loans without a certificate of registration from knowingly engaging in conduct, in connection with the business of making or offering to make a loan under the General Loan Law that constitutes improper, fraudulent, or dishonest dealings (<i>R.C. 1321.59(F)</i>).	No provision.
	Retains part of an existing law prohibition against a registrant, licensee, or applicant involved in the business of making or offering to make loans under the General Loan Law failing to notify the Division of Financial Institutions within 30 days after learning that the person's license or registration was revoked in another jurisdiction or the registrant, licensee, or applicant was convicted of certain types of criminal offenses (<i>R.C. 1321.59(G)</i>).	No provision.
	Retains part of an existing law prohibition against a registrant or licensee knowingly making, proposing, or soliciting fraudulent, false, or misleading statements on a loan document (<i>R.C. 1321.59(H) and 1321.99(E)</i>).	No provision.
	Retains part of an existing law prohibition against a registrant or licensee from knowingly instructing, soliciting, proposing, or otherwise	No provision.



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	<p>causing a borrower to sign in blank a loan-related document in connection with a loan made under the General Loan Law (<i>R.C. 1321.59(I) and 1321.99(E)</i>).</p> <p>Retains part of an existing law prohibition against a registrant or licensee willfully retaining an original document provided to the registrant or licensee by the borrower in connection with the loan application, including income tax returns, account statements, or other financial-related documents (<i>R.C. 1321.59(J) and 1321.99(E)</i>).</p> <p>Retains part of an existing law prohibition against a registrant or licensee in connection with a loan receiving, directly or indirectly, a premium on the fees charged for services performed by a bona fide third party (<i>R.C. 1321.59(K) and 1321.99(E)</i>).</p> <p>Retains an existing law prohibition against a registrant, licensee, or person making loans without a certificate of registration and engaging in any unfair, deceptive, or unconscionable act or practice prohibited under Ohio Consumer Protection Laws (<i>R.C. 1321.59(L)</i>).</p>	<p>No provision.</p> <p>No provision.</p> <p>No provision.</p>
Borrower protection	<p>Retains part of an existing law provision requiring a registrant, licensee, or person required to be registered or licensed under the General Loan Law to do all of the following:</p> <p>(1) Safeguard and account for any money handled for the borrower;</p> <p>(2) Follow reasonable and lawful instructions from the borrower;</p>	<p>No provision (<i>R.C. 1321.593, repealed</i>).</p>



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	(3) Act with reasonable skill, care, and diligence; (4) Act in good faith and with fair dealing in any transaction, practice, or course of business (R.C. 1321.593).	
Advertising for loans – what constitutes false, misleading, or deceptive advertising	Describes what constitutes "false, misleading, or deceptive advertising" for the purposes of the requirement that advertising for loans under the General Loan Law not be false, misleading, or deceptive (R.C. 1321.60(A)(2)).	No provision.
Interest rate agreement under Residential Mortgage Lending Act	No provision.	Adds provision to the new Ohio Residential Mortgage Lending Act permitting a registrant to contract for and receive interest at any rate or rates agreed upon or consented to by the parties to the dwelling secured loan or mortgage, but not exceeding an annual percentage rate of 25% (R.C. 1322.30).
Definitions General Loan Law	<p>Modifies definition of "administrative or clerical tasks" by eliminating reference to mortgage industry and residential mortgage loan (R.C. 1321.51(T)).</p> <p>Modifies definition of "loan processor or underwriter" by eliminating reference to mortgage loan originator (R.C. 1321.51(S)).</p> <p>Modifies definition of "licensee" to describe a loan originator under the bill instead of a mortgage loan originator (R.C. 1321.51(T)).</p> <p>Retains existing law definitions for the following:</p> <p>"Bona fide third party" (R.C. 1321.51(S)).</p> <p>"Broker" (R.C. 1321.51(J)).</p> <p>"Federal banking agency" (R.C. 1321.51(P)).</p>	<p>Eliminates definition (R.C. 1321.51(T)).</p> <p>Eliminates definition (R.C. 1321.51(S)).</p> <p>Eliminates definition (R.C. 1321.51(T)).</p> <p>No provision.</p> <p>No provision.</p> <p>No provision.</p>

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Residential Mortgage Lending Act	Defines "dwelling" as a residential structure or mobile home which contains one to four family housing units, or individual units of condominiums or cooperatives (<i>R.C. 1322.01(N) by reference to 15 U.S.C. 1602(w)</i>).	Same, but adds that "dwelling" includes a single condominium unit, cooperative unit, mobile home, and trailer, if it is used as a residence, whether or not that structure is attached to real property (<i>R.C. 1322.01(N)</i>).
Effective date*	Establishes the effective date of the bill as July 1, 2017 (<i>Section 3</i>).	No provision (default effective date is 90 days).

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* At the time of drafting, the As Introduced version of the bill, the July 1, 2017, effective date acted as a delayed effective date.

