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Sub. S. B. No. 24

Senator Terhar

Cosponsors: Senators Beagle, Hackett, Bacon, Coley, Eklund, Gardner, Hite, Hoagland, Hottinger, Huffman, Jordan, LaRose, Lehner, Manning, Peterson, Thomas, Wilson Representatives Dever, Arndt, Blessing, Brenner, Conditt, Ginter, Green, Hambley, Johnson, Koehler, Leland, Manning, Reineke, Rogers, Seitz, Sheehy, Smith, K., Smith, R., Stein, Sweeney, West, Young

A BILL

To amend sections 1321.02, 1321.53, and 1321.99 and
to enact sections 1321.62, 1321.63, 1321.631,
1321.632, 1321.64, 1321.641, 1321.642, 1321.643,
1321.644, 1321.65, 1321.651, 1321.66, 1321.661,
1321.662, 1321.663, 1321.664, 1321.665,
1321.666, 1321.667, 1321.67, 1321.671, 1321.672,
1321.673, 1321.674, 1321.68, 1321.681, 1321.69,
1321.70, 1321.701, and 1321.702 of the Revised
Code to create the Ohio Consumer Installment
Loan Act.

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

Section 1. That sections 1321.02, 1321.53, and 1321.99 be
amended and sections 1321.62, 1321.63, 1321.631, 1321.632,
1321.64, 1321.641, 1321.642, 1321.643, 1321.644, 1321.65,
1321.651, 1321.66, 1321.661, 1321.662, 1321.663, 1321.664,
1321.665, 1321.666, 1321.667, 1321.67, 1321.671, 1321.672,
1321.673, 1321.674, 1321.68, 1321.681, 1321.69, 1321.70,

1321.701, and 1321.702 of the Revised Code be enacted to read as follows: 17
18

Sec. 1321.02. No person shall engage in the business of 19
lending money, credit, or choses in action in amounts of five 20
thousand dollars or less, or exact, contract for, or receive, 21
directly or indirectly, on or in connection with any such loan, 22
any interest and charges that in the aggregate are greater than 23
the interest and charges that the lender would be permitted to 24
charge for a loan of money if the lender were not a licensee, 25
without first having obtained a license from the division of 26
financial institutions under sections 1321.01 to 1321.19 of the 27
Revised Code. 28

Sections 1321.01 to 1321.19 of the Revised Code do not 29
apply to any person doing business under and as permitted by any 30
law of this state, another state, or the United States relating 31
to banks, savings banks, savings societies, trust companies, 32
credit unions, savings and loan associations substantially all 33
the business of which is confined to loans on real estate 34
mortgages and evidences of their own indebtedness; to 35
registrants conducting business pursuant to sections 1321.51 to 36
1321.60 of the Revised Code; to licensees conducting business 37
pursuant to sections 1321.62 to 1321.702 of the Revised Code; to 38
licensees conducting business pursuant to sections 1321.71 to 39
1321.83 of the Revised Code; to licensees doing business 40
pursuant to sections 1321.35 to 1321.48 of the Revised Code; or 41
to any entity who is licensed pursuant to Title XXXIX of the 42
Revised Code, who makes advances or loans to any person who is 43
licensed to sell insurance pursuant to that Title, and who is 44
authorized in writing by that entity to sell insurance. No 45
person engaged in the business of selling tangible goods or 46
services related thereto may receive or retain a license under 47

sections 1321.01 to 1321.19 of the Revised Code for such place 48
of business. 49

The first paragraph of this section applies to any person, 50
who by any device, subterfuge, or pretense, charges, contracts 51
for, or receives greater interest, consideration, or charges 52
than that authorized by this section for any such loan or use of 53
money or for any such loan, use, or sale of credit, or who for a 54
fee or any manner of compensation arranges or offers to find or 55
arrange for another person to make any such loan, use, or sale 56
of credit. This section does not preclude the acquiring, 57
directly or indirectly, by purchase or discount, of a bona fide 58
obligation for goods or services when such obligation is payable 59
directly to the person who provided the goods or services. 60

Any contract of loan in the making or collection of which 61
an act is done by the lender that violates this section is void 62
and the lender has no right to collect, receive, or retain any 63
principal, interest, or charges. 64

Sec. 1321.53. (A) (1) An application for a certificate of 65
registration under sections 1321.51 to 1321.60 of the Revised 66
Code shall contain an undertaking by the applicant to abide by 67
those sections. The application shall be in writing, under oath, 68
and in the form prescribed by the division of financial 69
institutions, and shall contain any information that the 70
division may require. Applicants that are foreign corporations 71
shall obtain and maintain a license pursuant to Chapter 1703. of 72
the Revised Code before a certificate is issued or renewed. 73

(2) Upon the filing of the application and the payment by 74
the applicant of a nonrefundable two-hundred-dollar 75
investigation fee, a nonrefundable three-hundred-dollar annual 76
registration fee, and any additional fee required by the 77

nationwide mortgage licensing system and registry, the division 78
shall investigate the relevant facts. If the application 79
involves investigation outside this state, the applicant may be 80
required by the division to advance sufficient funds to pay any 81
of the actual expenses of such investigation, when it appears 82
that these expenses will exceed two hundred dollars. An itemized 83
statement of any of these expenses which the applicant is 84
required to pay shall be furnished to the applicant by the 85
division. No certificate shall be issued unless all the required 86
fees have been submitted to the division. 87

(3) All applicants making loans secured by an interest in 88
real estate shall designate an employee or owner of the 89
applicant as the applicant's primary point of contact. While 90
acting as the primary point of contact, the employee or owner 91
shall not be employed by any other registrant or mortgage 92
broker. 93

(4) The investigation undertaken upon application shall 94
include both a civil and criminal records check of the applicant 95
including any individual whose identity is required to be 96
disclosed in the application. Where the applicant is a business 97
entity the superintendent shall have the authority to require a 98
civil and criminal background check of those persons that in the 99
determination of the superintendent have the authority to direct 100
and control the operations of the applicant. 101

(5) (a) Notwithstanding division (K) of section 121.08 of 102
the Revised Code, the superintendent of financial institutions 103
shall obtain a criminal history records check and, as part of 104
that records check, request that criminal record information 105
from the federal bureau of investigation be obtained. To fulfill 106
this requirement, the superintendent shall do either of the 107

following:	108
(i) Request the superintendent of the bureau of criminal	109
identification and investigation, or a vendor approved by the	110
bureau, to conduct a criminal records check based on the	111
applicant's fingerprints or, if the fingerprints are unreadable,	112
based on the applicant's social security number, in accordance	113
with section 109.572 of the Revised Code;	114
(ii) Authorize the nationwide mortgage licensing system	115
and registry to request a criminal history background check as	116
set forth in division (C) of section 1321.531 of the Revised	117
Code.	118
(b) Any fee required under division (C)(3) of section	119
109.572 of the Revised Code or by the nationwide mortgage	120
licensing system and registry shall be paid by the applicant.	121
(6) If an application for a certificate of registration	122
does not contain all of the information required under division	123
(A) of this section, and if such information is not submitted to	124
the division or to the nationwide mortgage licensing system and	125
registry within ninety days after the superintendent or the	126
nationwide mortgage licensing system and registry requests the	127
information in writing, including by electronic transmission or	128
facsimile, the superintendent may consider the application	129
withdrawn.	130
(7) If the division finds that the financial	131
responsibility, experience, character, and general fitness of	132
the applicant command the confidence of the public and warrant	133
the belief that the business will be operated honestly and	134
fairly in compliance with the purposes of sections 1321.51 to	135
1321.60 of the Revised Code and the rules adopted thereunder,	136

and that the applicant has the requisite bond or applicable net 137
worth and assets required by division (B) of this section, the 138
division shall thereupon issue a certificate of registration to 139
the applicant. The superintendent shall not use a credit score 140
as the sole basis for a registration denial. 141

(a) (i) Certificates of registration issued on or after 142
July 1, 2010, shall annually expire on the thirty-first day of 143
December, unless renewed by the filing of a renewal application 144
and payment of a three-hundred-dollar nonrefundable annual 145
registration fee, any assessment as determined by the 146
superintendent pursuant to division (A) (7) (a) (ii) of this 147
section, and any additional fee required by the nationwide 148
mortgage licensing system and registry, on or before the last 149
day of December of each year. No other fee or assessment shall 150
be required of a registrant by the state or any political 151
subdivision of this state. 152

(ii) If the renewal fees billed by the superintendent 153
pursuant to division (A) (7) (a) (i) of this section are less than 154
the estimated expenditures of the consumer finance section of 155
the division of financial institutions, as determined by the 156
superintendent, for the following fiscal year, the 157
superintendent may assess each registrant at a rate sufficient 158
to equal in the aggregate the difference between the renewal 159
fees billed and the estimated expenditures. Each registrant 160
shall pay the assessed amount to the superintendent prior to the 161
last day of June. In no case shall the assessment exceed ten 162
cents per each one hundred dollars of interest (excluding 163
charge-off recoveries), points, loan origination charges, and 164
credit line charges collected by that registrant during the 165
previous calendar year. If such an assessment is imposed, it 166
shall not be less than two hundred fifty dollars per registrant 167

and shall not exceed thirty thousand dollars less the total 168
renewal fees paid pursuant to division (A) (7) (a) (i) of this 169
section by each registrant. 170

(b) Registrants shall timely file renewal applications on 171
forms prescribed by the division and provide any further 172
information that the division may require. If a renewal 173
application does not contain all of the information required 174
under this section, and if that information is not submitted to 175
the division or to the nationwide mortgage licensing system and 176
registry within ninety days after the superintendent or the 177
nationwide mortgage licensing system and registry requests the 178
information in writing, including by electronic transmission or 179
facsimile, the superintendent may consider the application 180
withdrawn. 181

(c) Renewal shall not be granted if the applicant's 182
certificate of registration is subject to an order of 183
suspension, revocation, or an unpaid and past due fine imposed 184
by the superintendent. 185

(d) If the division finds the applicant does not meet the 186
conditions set forth in this section, it shall issue a notice of 187
intent to deny the application, and forthwith notify the 188
applicant of the denial, the grounds for the denial, and the 189
applicant's reasonable opportunity to be heard on the action in 190
accordance with Chapter 119. of the Revised Code. 191

(8) If there is a change of five per cent or more in the 192
ownership of a registrant, the division may make any 193
investigation necessary to determine whether any fact or 194
condition exists that, if it had existed at the time of the 195
original application for a certificate of registration, the fact 196
or condition would have warranted the division to deny the 197

application under division (A) (7) of this section. If such a 198
fact or condition is found, the division may, in accordance with 199
Chapter 119. of the Revised Code, revoke the registrant's 200
certificate. 201

(B) Each registrant that engages in lending under sections 202
1321.51 to 1321.60 of the Revised Code shall, if not otherwise 203
required to be bonded pursuant to section 1321.533 of the 204
Revised Code, maintain both of the following: 205

(1) A net worth of at least fifty thousand dollars; 206

(2) For each certificate of registration, assets of at 207
least fifty thousand dollars either in use or readily available 208
for use in the conduct of the business. 209

(C) Not more than one place of business shall be 210
maintained under the same certificate, but the division may 211
issue additional certificates to the same registrant upon 212
compliance with sections 1321.51 to 1321.60 of the Revised Code, 213
governing the issuance of a single certificate. No change in the 214
place of business of a registrant to a location outside the 215
original municipal corporation shall be permitted under the same 216
certificate without the approval of a new application, the 217
payment of the registration fee and, if required by the 218
superintendent, the payment of an investigation fee of two 219
hundred dollars. When a registrant wishes to change its place of 220
business within the same municipal corporation, it shall give 221
written notice of the change in advance to the division, which 222
shall provide a certificate for the new address without cost. If 223
a registrant changes its name, prior to making loans under the 224
new name it shall give written notice of the change to the 225
division, which shall provide a certificate in the new name 226
without cost. Sections 1321.51 to 1321.60 of the Revised Code do 227

not limit the loans of any registrant to residents of the 228
community in which the registrant's place of business is 229
situated. Each certificate shall be kept conspicuously posted in 230
the place of business of the registrant and is not transferable 231
or assignable. 232

(D) Sections 1321.51 to 1321.60 of the Revised Code do not 233
apply to any of the following: 234

(1) Entities chartered and lawfully doing business under 235
the authority of any law of this state, another state, or the 236
United States as a bank, savings bank, trust company, savings 237
and loan association, or credit union, or a subsidiary of any 238
such entity, which subsidiary is regulated by a federal banking 239
agency and is owned and controlled by such a depository 240
institution; 241

(2) Life, property, or casualty insurance companies 242
licensed to do business in this state; 243

(3) Any person that is a lender making a loan pursuant to 244
sections 1321.01 to 1321.19 or sections 1321.62 to 1321.701 of 245
the Revised Code or a business loan as described in division (B) 246
(6) of section 1343.01 of the Revised Code; 247

(4) Any political subdivision, or any governmental or 248
other public entity, corporation, instrumentality, or agency, in 249
or of the United States or any state of the United States, or 250
any entity described in division (B) (3) of section 1343.01 of 251
the Revised Code; 252

(5) A college or university, or controlled entity of a 253
college or university, as those terms are defined in section 254
1713.05 of the Revised Code; 255

(6) A credit union service organization, provided the 256

organization utilizes services provided by registered mortgage 257
loan originators or the organization complies with section 258
1321.522 of the Revised Code and holds a valid letter of 259
exemption issued by the superintendent. 260

(E) No person engaged in the business of selling tangible 261
goods or services related to tangible goods may receive or 262
retain a certificate under sections 1321.51 to 1321.60 of the 263
Revised Code for such place of business. 264

Sec. 1321.62. As used in sections 1321.62 to 1321.702 of 265
the Revised Code: 266

(A) "Actuarial method" means the method of allocating 267
payments made on a loan between the principal amount and 268
interest whereby a payment is applied first to the accumulated 269
interest and the remainder to the unpaid principal amount. 270

(B) "Advertisement" and "advertising" mean all material 271
printed, published, displayed, distributed, or broadcast, and 272
all material displayed or distributed over the internet, 273
telephone, facsimile, or other electronic transmission, for the 274
purposes of obtaining applications for loans. 275

(C) "Affiliation" and "affiliated with" mean controlled by 276
or under common control with another person or enterprise either 277
directly or indirectly through one or more intermediaries. 278

(D) "Annual percentage rate" means the ratio of the 279
interest on a loan to the unpaid principal balances on the loan 280
for any period of time, expressed on an annual basis. 281

(E) "Applicable charge" means the amount of interest 282
attributable to each monthly installment period of the loan 283
contract, computed as if each installment period were one month 284
and any charge for extending the first installment period beyond 285

one month is ignored. In the case of loans originally scheduled 286
to be repaid in sixty-one months or less, "applicable charge" 287
for any installment period means that proportion of the total 288
interest contracted for, as the balance scheduled to be 289
outstanding during that period bears to the sum of all of the 290
periodic balances, all determined according to the payment 291
schedule originally contracted for. In all other cases, 292
"applicable charge" for any installment period is that which 293
would have been made for such period had the loan been made on 294
an interest-bearing basis, based upon the assumption that all 295
payments were made according to schedule. 296

(F) "Assets" means properties of value that are owned by 297
the applicant or licensee, including cash on hand and in 298
depository institutions, readily marketable securities, accounts 299
receivable less allowances for uncollectible accounts, and real 300
estate less liens and depreciation. "Assets" does not mean 301
office premises, leasehold improvements, office furniture, 302
fixtures, and equipment, or intangible assets. 303

(G) "Closed-end loan" means any extension of credit other 304
than an open-end loan. 305

(H) "Collecting" and "collected" means the servicing of a 306
loan or receipt of payments from a borrower for a loan made 307
pursuant to sections 1321.62 to 1321.702 of the Revised Code. 308

(I) "Consumer report" and "consumer reporting agency" have 309
the same meanings as in the "Fair Credit Reporting Act," 84 310
Stat. 1128, 15 U.S.C. 1681a, as amended. 311

(J) "Control person" means a person that, in the 312
determination of the superintendent of financial institutions, 313
has the authority to direct and control the operations of the 314

applicant. 315

(K) "Depository institution" has the same meaning as in 316
section 3 of the "Federal Deposit Insurance Act," 64 Stat. 873, 317
12 U.S.C. 1813, and includes any credit union. 318

(L) "Direct mail" means a loan arranged via an application 319
through the mail or internet where the loan proceeds are 320
delivered through the mail or electronic transmission to the 321
benefit of a borrower. A loan is not made by "direct mail" if it 322
is facilitated by face-to-face, personal contact in this state 323
between the lender, lender's employee or agent, or lender's 324
attorney and the borrower or borrower's agent. 325

(M) "Federal banking agency" means the board of governors 326
of the federal reserve system, the comptroller of the currency, 327
the national credit union administration, and the federal 328
deposit insurance corporation. 329

(N) "Final entry on a loan" means, as to a particular 330
lender, the latter of the date the loan is paid in full, deemed 331
uncollectible, assigned to another licensee or exempt entity and 332
all records are transferred to the new lender, or discharged or 333
otherwise settled by an order terminating litigation governing 334
the loan transaction. 335

(O) "Interest" means all charges payable directly or 336
indirectly by a borrower to a licensee as a condition to a loan 337
or an application for a loan, however denominated, but does not 338
include default charges, deferment charges, insurance charges or 339
premiums, court costs, loan origination charges, check 340
collection charges, credit investigation charges, credit line 341
charges, points, or other fees and charges specifically 342
authorized by law. 343

(P) "Interest-bearing loan" means a loan in which the debt 344
is expressed as the principal amount and interest is computed, 345
charged, and collected on unpaid principal balances outstanding 346
from time to time. 347

(Q) "Instrument" means a personal check or authorization 348
to transfer or withdraw funds from an account that is signed by 349
the borrower and made payable to a person subject to sections 350
1321.62 to 1321.702 of the Revised Code. 351

(R) "License" means a license issued under sections 352
1321.62 to 1321.702 of the Revised Code. 353

(S) "Licensee" means any person that has been issued a 354
license. 355

(T) "Loan agreement" means one or more promises, 356
promissory notes, agreements, undertakings, security agreements, 357
or other documents or commitments, or any combination of these 358
documents or commitments, pursuant to which a licensee loans or 359
delays, or agrees to loan or delay, repayment of money, goods, 360
or anything of value, or otherwise extends credit or makes a 361
financial accommodation. 362

(U) "Net worth" means the excess of assets over 363
liabilities as determined by generally accepted accounting 364
principles. 365

(V) "NMLSR" means a multistate licensing system developed 366
and maintained by the conference of state bank supervisors and 367
the American association of residential mortgage regulators, or 368
their successor entities, for the licensing and registration of 369
loan originators, or any system established by the secretary of 370
housing and urban development pursuant to the "Secure and Fair 371
Enforcement for Mortgage Licensing Act of 2008," 122 Stat. 2810, 372

<u>12 U.S.C. 5101.</u>	373
<u>(W) "Open-end loan" means consumer credit extended by a</u>	374
<u>creditor under a plan to which all of the following conditions</u>	375
<u>apply:</u>	376
<u>(1) The creditor reasonably contemplates repeated</u>	377
<u>transactions.</u>	378
<u>(2) The creditor may impose a finance charge from time to</u>	379
<u>time on an outstanding unpaid balance.</u>	380
<u>(3) The amount of credit that may be extended to the</u>	381
<u>borrower during the term of the plan, up to any limit set by the</u>	382
<u>creditor, is generally made available to the extent that any</u>	383
<u>outstanding balance is repaid.</u>	384
<u>(X) "Person" means an individual, partnership,</u>	385
<u>association, trust, corporation, or any other legal entity.</u>	386
<u>(Y) "Precomputed loan" means a loan in which the debt is a</u>	387
<u>sum comprising the principal amount and the amount of interest</u>	388
<u>computed in advance on the assumption that all scheduled</u>	389
<u>payments will be made when due.</u>	390
<u>(Z) "Principal amount" means the amount of cash paid to,</u>	391
<u>or paid or payable for the account of, the borrower, and</u>	392
<u>includes any charge, fee, or expense that is financed by the</u>	393
<u>borrower at origination of the loan or during the term of the</u>	394
<u>loan.</u>	395
<u>(AA) "Refinance" means a loan the proceeds of which are</u>	396
<u>used in whole or in part to pay the unpaid balance of a prior</u>	397
<u>loan made by the same licensee or any employee or affiliate of</u>	398
<u>the licensee to the same borrower under sections 1321.62 to</u>	399
<u>1321.702 of the Revised Code.</u>	400

(BB) "Residential mortgage loan" means any loan primarily 401
for personal, family, or household use that is secured by a 402
mortgage, deed of trust, or other equivalent consensual security 403
interest on a dwelling or on residential real estate upon which 404
is constructed or intended to be constructed a dwelling. For 405
purposes of this division, "dwelling" has the same meaning as in 406
the "Truth in Lending Act," 82 Stat. 146, 15 U.S.C. 1602. 407

(CC) "State" in the context of referring to states in 408
addition to Ohio means any state of the United States, the 409
district of Columbia, any territory of the United States, Puerto 410
Rico, Guam, American Samoa, the trust territory of the Pacific 411
islands, the virgin islands, and the northern Mariana islands. 412

(DD) "Superintendent of financial institutions" includes 413
the deputy superintendent for consumer finance as provided in 414
section 1181.21 of the Revised Code. 415

Sec. 1321.63. (A) (1) No person shall do either of the 416
following without first having obtained a license from the 417
superintendent of financial institutions under sections 1321.62 418
to 1321.702 of the Revised Code: 419

(a) Engage in the business of lending money under sections 420
1321.62 to 1321.702 of the Revised Code; 421

(b) Contract for, or receive, directly or indirectly, on 422
or in connection with any such loan, any interest and charges 423
that in the aggregate are greater than the interest and charges 424
that the lender would be permitted to charge for a loan of money 425
if the lender were not a licensee. 426

(2) Division (A) (1) of this section applies to any person, 427
who by any device, subterfuge, or pretense, charges, contracts 428
for, or receives greater interest, consideration, or charges 429

than that authorized by this section for any such loan, or who 430
for a fee or any manner of compensation arranges or offers to 431
find or arrange for another person to make any such loan. 432

(B) This section does not preclude the acquiring, directly 433
or indirectly, by purchase or discount, of a bona fide 434
obligation for goods or services when such obligation is payable 435
directly to the person who provided the goods or services. 436

(C) Any contract of a loan in the making or collection of 437
which an act is done by the lender that violates this section is 438
void and the lender has no right to collect, receive, or retain 439
any principal, interest, or charges. 440

Sec. 1321.631. Sections 1321.62 to 1321.702 of the Revised 441
Code do not apply to any of the following: 442

(A) Any credit transaction with a loan term of less than 443
six months from the loan transaction date; 444

(B) Any credit transaction that does not require equal 445
monthly payments, unless either of the following apply: 446

(1) The credit transaction contains an interest rate that 447
is tied to a published and verifiable index and the contractual 448
rate of interest is adjusted in accordance with changes in that 449
index. 450

(2) The credit transaction provides for an extension of 451
the first monthly installment period pursuant to division (C) (2) 452
(a) of section 1321.68 of the Revised Code. 453

(C) Any credit transaction with an interest rate in excess 454
of that provided for under section 1321.68 of the Revised Code; 455

(D) Any credit transaction secured by an interest in the 456
covered borrower's residential mortgage loan, including a 457

transaction to finance the purchase or initial construction of a dwelling, any refinance transaction, home equity loan or home equity line of credit, or reverse mortgage; 458
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(E) Any credit transaction that originates as a result, directly or indirectly, of a referral from a person registered or acting as a credit services organization under sections 4712.01 to 4712.14 of the Revised Code; 462
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(F) Any credit transaction made by a person licensed as a check-cashing business under sections 1315.21 to 1315.30 of the Revised Code; 466
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(G) Any credit transaction made by a retail seller under Chapter 1317. of the Revised Code; 469
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(H) Any credit transaction made by a person licensed or acting as a pawnbroker under Chapter 4727. of the Revised Code; 471
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(I) Any credit transaction made by a person licensed under sections 1321.35 to 1321.48 of the Revised Code; 473
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(J) Any credit transaction made by a collection agency pursuant to section 1319.12 of the Revised Code; 475
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(K) Any credit transaction made by a premium finance company licensed under sections 1321.71 to 1321.83 of the Revised Code; 477
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(L) Any credit transaction made by a person chartered and lawfully doing business under the authority of any law of this state, another state, or the United States as a bank, savings bank, trust company, savings and loan association, or credit union, or a subsidiary of any such entity, which subsidiary is regulated by a federal banking agency and is owned and 480
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<u>controlled by such a depository institution;</u>	486
<u>(M) Any credit transaction made by a life, property, or</u>	487
<u>casualty insurance company licensed to do business in this state</u>	488
<u>or any entity licensed under Title XXXIX of the Revised Code</u>	489
<u>that makes advances or loans to any person who is licensed to</u>	490
<u>sell insurance pursuant to that title and who is authorized in</u>	491
<u>writing by that entity to sell insurance;</u>	492
<u>(N) Any licensee doing business under sections 1321.01 to</u>	493
<u>1321.19 of the Revised Code;</u>	494
<u>(O) Any registrant doing business under sections 1321.51</u>	495
<u>to 1321.60 of the Revised Code;</u>	496
<u>(P) Any person making a business loan described in</u>	497
<u>division (B) (6) of section 1343.01 of the Revised Code;</u>	498
<u>(Q) Any political subdivision, or any governmental or</u>	499
<u>other public entity, corporation, instrumentality, or agency, in</u>	500
<u>or of the United States or any state of the United States, or</u>	501
<u>any entity mentioned in division (B) (3) of section 1343.01 of</u>	502
<u>the Revised Code;</u>	503
<u>(R) Any college or university, or controlled entity of a</u>	504
<u>college or university, as those terms are defined in section</u>	505
<u>1713.05 of the Revised Code;</u>	506
<u>(S) Any person doing business under and as permitted by</u>	507
<u>any law of this state, another state, or the United States</u>	508
<u>relating to banks, savings banks, savings societies, trust</u>	509
<u>companies, credit unions, or savings and loan associations</u>	510
<u>substantially all the business of which is confined to loans on</u>	511
<u>real estate mortgages and evidences of their own indebtedness.</u>	512
<u>Sec. 1321.632.</u> A licensee may engage in the business of	513

<u>making loans provided the licensee does not do any of the</u>	514
<u>following:</u>	515
<u>(A) Assess an origination fee pursuant to section 1321.68</u>	516
<u>of the Revised Code more than three times in any twelve-month</u>	517
<u>period;</u>	518
<u>(B) Accept a dated instrument from the borrower as</u>	519
<u>security for a loan;</u>	520
<u>(C) Hold an instrument for a period of time prior to</u>	521
<u>negotiation or deposit of the instrument;</u>	522
<u>(D) Pay to a borrower, credit to a borrower's account, or</u>	523
<u>pay to another person on the borrower's behalf the amount of an</u>	524
<u>instrument, less interest, fees, or any other charges permitted</u>	525
<u>by section 1321.68 of the Revised Code;</u>	526
<u>(E) Refinance the loan during the first one hundred twenty</u>	527
<u>days of the loan term;</u>	528
<u>(F) Except for the deferment charge permitted by section</u>	529
<u>1321.68 of the Revised Code, charge or collect any fee, charge,</u>	530
<u>or remuneration of any sort for renewing, amending, or extending</u>	531
<u>a loan beyond its original term.</u>	532
<u>Sec. 1321.64. (A) An application for a license shall</u>	533
<u>contain an undertaking by the applicant to abide by those</u>	534
<u>sections. The application shall be in writing, under oath, and</u>	535
<u>in the form prescribed by the superintendent of financial</u>	536
<u>institutions, and shall contain any information that the</u>	537
<u>superintendent may require. Applicants that are foreign</u>	538
<u>corporations shall obtain and maintain a license pursuant to</u>	539
<u>Chapter 1703. of the Revised Code before a license is issued or</u>	540
<u>renewed.</u>	541

(B) Upon the filing of the application and the payment by 542
the applicant of a nonrefundable investigation fee of two 543
hundred dollars, a nonrefundable annual registration fee of 544
three hundred dollars, and any additional fee required by the 545
NMLSR, the division of financial institutions shall investigate 546
the relevant facts. If the application involves investigation 547
outside this state, the applicant may be required by the 548
division to advance sufficient funds to pay any of the actual 549
expenses of the investigation when it appears that these 550
expenses will exceed two hundred dollars. An itemized statement 551
of any of these expenses which the applicant is required to pay 552
shall be furnished to the applicant by the division. A license 553
shall not be issued unless all the required fees have been 554
submitted to the division. 555

(C) (1) The investigation undertaken upon receipt of an 556
application shall include both a civil and criminal records 557
check of any control person. 558

(2) (a) Notwithstanding division (K) of section 121.08 of 559
the Revised Code, the superintendent shall obtain a criminal 560
records check on each control person and, as part of that 561
records check, request that criminal records information from 562
the federal bureau of investigation be obtained. To fulfill this 563
requirement, the superintendent shall do either of the 564
following: 565

(i) Request the superintendent of the bureau of criminal 566
identification and investigation, or a vendor approved by the 567
bureau, to conduct a criminal records check based on the control 568
person's fingerprints or, if the fingerprints are unreadable, 569
based on the control person's social security number, in 570
accordance with section 109.572 of the Revised Code; 571

(ii) Authorize the NMLSR to request a criminal records 572
check of the control person. 573

(b) Any fee required under division (C)(3) of section 574
109.572 of the Revised Code or by the NMLSR shall be paid by the 575
applicant. 576

(D) If an application for a license does not contain all 577
of the information required under division (A) of this section, 578
and if such information is not submitted to the division or to 579
the NMLSR within ninety days after the superintendent or the 580
NMLSR requests the information in writing, including by 581
electronic transmission or facsimile, the superintendent may 582
consider the application withdrawn. 583

(E) If the superintendent of financial institutions finds 584
that the financial responsibility, experience, character, and 585
general fitness of the applicant command the confidence of the 586
public and warrant the belief that the business will be operated 587
honestly and fairly in compliance with the purposes of sections 588
1321.62 to 1321.702 of the Revised Code and the rules adopted 589
thereunder, and that the applicant has the requisite net worth 590
and assets required under section 1321.65 of the Revised Code, 591
the superintendent shall issue a license to the applicant. The 592
license shall be valid until the thirty-first day of December of 593
the year in which it is issued. A person may be licensed under 594
both sections 1321.51 to 1321.60 and sections 1321.62 to 595
1321.702 of the Revised Code. 596

(F) If the superintendent finds that the applicant does 597
not meet the conditions set forth in this section, the 598
superintendent shall issue a notice of intent to deny the 599
application, and promptly notify the applicant of the denial, 600
the grounds for the denial, and the applicant's reasonable 601

opportunity to be heard on the action in accordance with Chapter 602
119. of the Revised Code. 603

Sec. 1321.641. (A) A license issued under section 1321.64 604
of the Revised Code may be renewed annually on or before the 605
thirty-first day of December by submitting a renewal application 606
in the form prescribed by the superintendent of financial 607
institutions. The application shall be accompanied by a 608
nonrefundable renewal fee of three hundred dollars, any 609
assessment as determined by the superintendent pursuant to 610
division (B) of this section, and any additional fee required by 611
the NMLSR. A licensee shall not be required to pay any other fee 612
or assessment by the state or any political subdivision of the 613
state. 614

(B) If the amount of renewal fees collected by the 615
division of financial institutions is less than the estimated 616
expenditures of the consumer finance section of the division, as 617
determined by the superintendent, for the following fiscal year, 618
the superintendent may assess each licensee at a rate sufficient 619
to equal in the aggregate the difference between the renewal 620
fees collected and the estimated expenditures. Each licensee 621
shall pay the assessed amount to the superintendent prior to the 622
last day of June. In no event shall the assessment exceed ten 623
cents per each one hundred dollars of interest (excluding 624
charge-off recoveries), loan origination charges, and credit 625
line charges collected by that licensee during the previous 626
calendar year. If such an assessment is imposed, it shall not be 627
less than two hundred fifty dollars per licensee and shall not 628
exceed thirty thousand dollars less the total renewal fees paid 629
pursuant to division (A) of this section by each licensee. 630

(C) If a renewal application does not contain all of the 631

information required, and if that information is not submitted 632
to the division or to the NMLSR within ninety days after the 633
superintendent or the NMLSR requests the information in writing, 634
including by electronic transmission or facsimile, the 635
superintendent may consider the renewal application withdrawn. 636

(D) An applicant's license shall not be renewed if it is 637
subject to an order of suspension or an unpaid and past due fine 638
imposed by the superintendent. 639

Sec. 1321.642. (A) If there is a change of five per cent 640
or more in the ownership of a licensee, the division of 641
financial institutions may make any investigation necessary to 642
determine whether any fact or condition exists that, if it had 643
existed at the time of the original application for a license, 644
the fact or condition would have warranted the division to deny 645
the application under section 1321.64 of the Revised Code. 646

(B) A licensee shall give the superintendent of financial 647
institutions sixty days prior written notice before there is a 648
change of fifty per cent or more in the ownership of the 649
licensee. 650

Sec. 1321.643. (A) (1) Not more than one place of business 651
shall be maintained under the same license, but the 652
superintendent of financial institutions may issue additional 653
licenses to the same licensee upon compliance with sections 654
1321.62 to 1321.702 of the Revised Code. 655

(2) Each licensed place of business shall be located in a 656
state. 657

(B) (1) When a licensee wishes to change its place of 658
business, it shall give at least fifteen days prior written 659
notice of the change to the division of financial institutions. 660

The division shall provide a license for the new address without 661
cost. 662

(2) If a licensee changes its name, it shall give written 663
notice of the change to the division prior to making loans under 664
the new name. The division shall provide a license in the new 665
name without cost. 666

(C) Each current license shall be kept conspicuously 667
posted in each place of business of the licensee and is not 668
transferable or assignable. 669

Sec. 1321.644. No person engaged in the business of 670
selling tangible goods or services related to tangible goods may 671
receive or retain a license under sections 1321.62 to 1321.702 672
of the Revised Code for such place of business. 673

Sec. 1321.65. Each licensee that conducts business under 674
sections 1321.62 to 1321.702 of the Revised Code shall maintain 675
both of the following: 676

(A) A net worth of at least fifty thousand dollars; 677

(B) For each license, assets of at least fifty thousand 678
dollars either in use or readily available for use in the 679
conduct of the business. 680

Sec. 1321.651. All of the following apply to advertising 681
for loans made under sections 1321.62 to 1321.702 of the Revised 682
Code: 683

(A) Every advertisement shall state and clearly indicate 684
the identity of the licensee and shall do so in such a manner 685
that prevents confusion with the name of any other unrelated 686
licensee. Licensees shall be identified by means of trade names, 687
service marks, or business names that are filed with the 688

division of financial institutions and the secretary of state. 689

(B) Advertising shall not be false, misleading, or 690
deceptive. False, misleading, or deceptive advertising includes, 691
but is not limited to, the following: 692

(1) Placing, or causing to be placed, any advertisement 693
indicating that special terms, reduced rates, guaranteed rates, 694
particular rates, or any other special feature of loans is 695
available unless the advertisement clearly states any 696
limitations that apply; 697

(2) Placing, or causing to be placed, any advertisement 698
containing a rate or special fee offer that is not a bona fide 699
available rate or fee. 700

(C) A licensee shall comply with 12 C.F.R. 1026.16, as 701
amended, for open-end loans, or 12 C.F.R. 1026.24, as amended, 702
for closed-end loans. 703

(D) A licensee shall not use loan advertisements that 704
provide only telephone or facsimile numbers or newspaper box 705
addresses and that do not clearly indicate the identity of the 706
licensee. 707

(E) A licensee shall not advertise that loans will be made 708
within a specified time after the loan application is received, 709
unless it is the general practice of the licensee to make loans 710
within the specified time. 711

(F) A licensee shall not advertise special terms, reduced 712
rates, reduced payments, or any other special feature of a loan 713
within a specified limited time, unless the advertisement 714
clearly states any limitations that apply to the offer. 715

(G) A licensee shall not advertise by the use of 716

unqualified superlatives, including, but not limited to, "lowest rates," "lowest costs," "lowest payment plan," or "cheapest loans," or by making offers that cannot be reasonably fulfilled. 717
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(H) A licensee shall not advertise the words "new" or "reduced," or words of similar import, in connection with rates, costs, payments, or plans, for more than ninety days after the rates, costs, payments, or plans have become effective. 720
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(I) Any licensee specifying in any advertisement charges on loans in dollars shall also state the length of time required to repay the loans as well as the method of repayment, and shall, when the rate of interest is stated, do so in a manner to prevent misunderstanding. 724
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(J) Any licensee advertising flat or average payments on loans that include principal and interest shall specify the number and frequency of payments required to repay the loans. Whenever the amounts of periodic payments are advertised, the amounts shall include all interest to the borrower, as well as principal. The principal payments alone may be shown separately provided the interest charges are also clearly stated with equal prominence. 729
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(K) A licensee shall not advertise rebates, rates, or charges below the maximum lawful rate of interest that are conditioned upon prompt payment unless the condition is clearly indicated. 737
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(L) A licensee shall not advertise either of the following: 741
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(1) Waiver of payments in the event of sickness or disability or other contingency, without advertising that the interest and other charges, if assessed, continue during the 743
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waiver period; 746

(2) That the first payment on any loan may be made more 747
than thirty days after the date of loan closing, without 748
advertising that the interest and other charges, if assessed, 749
will accrue from the date of disbursement of the loan funds 750
until the first payment is due. 751

(M) A licensee shall not advertise for loans for illegal 752
purposes. 753

(N) A licensee shall not advertise the availability of 754
credit-related insurance without disclosing the charge, if any, 755
for the insurance. 756

(O) Each licensee shall maintain in each licensed office 757
or in a central location a file of all advertising for a period 758
of two years from the date disseminated. This requirement 759
includes newspaper, magazine, direct mailing, and facsimile 760
advertising and solicitations, roadside advertising, internet 761
advertising, and scripts of radio and television commercials. 762
The file shall be readily available for inspection by the 763
division at all times. Each licensee shall notify the division 764
in writing of the location of the file. Each licensee shall, 765
upon the request of the superintendent of financial 766
institutions, provide to the division any printed or electronic 767
advertising it has used regarding any business conducted under 768
sections 1321.62 to 1321.702 of the Revised Code. 769

Sec. 1321.66. (A) Records a licensee is required to 770
maintain shall be kept current and be available at a licensed 771
location at all times during normal business hours for review by 772
the superintendent. Records must be legible and maintained in a 773
type size that is clearly readable without magnification and in 774

conformity with any specific typeface or font size that may be 775
required by state or federal law. Except when otherwise provided 776
by federal or state law, records shall be maintained in English. 777
When records are allowed to be in a language other than English, 778
the licensee, at its expense, shall be responsible for providing 779
the superintendent with a full and accurate translation. For 780
purposes of this section, "current" means within thirty days 781
from the date of the occurrence of the event required to be 782
recorded. A licensee shall keep and preserve the following 783
records: 784

(1) A sortable electronic spreadsheet that discloses the 785
following fields of information: 786

(a) Principal borrower's name; 787

(b) Principal borrower's address or property address; 788

(c) Loan or account number; 789

(d) Type of the security for the loan; 790

(e) Date of loan; 791

(f) Amount financed; 792

(g) Date finance charges begin to accrue; 793

(h) Loan origination charge; 794

(i) Itemization of all additional fees or charges; 795

(j) Principal amount of the loan; 796

(k) Scheduled or precomputed interest; 797

(l) Number of payments; 798

(m) Contractual rate of interest; 799

<u>(n) Federal annual percentage rate;</u>	800
<u>(o) Payment amount;</u>	801
<u>(p) Types and amounts of credit-related insurance;</u>	802
<u>(q) Default charge;</u>	803
<u>(r) Check collection charge;</u>	804
<u>(s) Any points charged to the borrower;</u>	805
<u>(t) Any charges for prepayment of the loan.</u>	806
<u>(2) Payment histories for each outstanding loan and each loan paid in full that shall disclose all of the following:</u>	807
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<u>(a) Principal borrower's name;</u>	809
<u>(b) Loan or account number;</u>	810
<u>(c) A chronological entry of all debits, credits, payments, and charges received, assessed, or disbursed in connection with the loan, recorded thereon in an identifiable manner in order to show the actual date of receipt, assessment, or disbursement and the balance due on the loan or account.</u>	811
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<u>(3) A file for each principal borrower. If there are multiple loan transactions with the same borrower, each loan transaction in the file shall have a unique loan or account number. The file shall contain copies of all of the following:</u>	816
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<u>(a) All documents related to the loan transaction from origination through the final entry on the record;</u>	820
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<u>(b) Copies of the complaints, court orders, settlements, and judgments relating to collection litigation;</u>	822
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<u>(c) In cases of garnishment or attachment in collection litigation, copies of all notices served on employers and</u>	824
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<u>amounts collected;</u>	826
<u>(d) Copies of all repossession and foreclosure legal</u>	827
<u>documents and other records, including bills for all expenses;</u>	828
<u>(e) In instances where the security foreclosed upon or</u>	829
<u>repossessed is offered for private sale, not less than three</u>	830
<u>bona fide written bids or appraisals in order to establish that</u>	831
<u>the terms of the sale were commercially reasonable to the</u>	832
<u>borrower;</u>	833
<u>(f) A copy of the death certificate and documentation of</u>	834
<u>all funds received or paid pursuant to a credit life claim.</u>	835
<u>(4) A sortable electronic spreadsheet of all loans in</u>	836
<u>collection litigation that shall include all of the following:</u>	837
<u>(a) Principal borrower's name;</u>	838
<u>(b) Loan or account number;</u>	839
<u>(c) Date litigation proceedings were initiated;</u>	840
<u>(d) Name of the court in which proceedings were initiated;</u>	841
<u>(e) Indication of whether a final judgment has been</u>	842
<u>entered, and if so, all of the following:</u>	843
<u>(i) Date of judgment;</u>	844
<u>(ii) Amount of judgment;</u>	845
<u>(iii) The judgment rate of interest.</u>	846
<u>(5) A sortable electronic spreadsheet of all loans in</u>	847
<u>repossession and foreclosure that shall include all of the</u>	848
<u>following:</u>	849
<u>(a) Principal borrower's name;</u>	850

<u>(b) Loan or account number;</u>	851
<u>(c) Type of security foreclosed, attached, replevied,</u>	852
<u>repossessed, or surrendered;</u>	853
<u>(d) Date of repossession or foreclosure;</u>	854
<u>(e) Date of sale of the security;</u>	855
<u>(f) Gross amount received from the sale of the security;</u>	856
<u>(g) The amount of money applied to the outstanding loan</u>	857
<u>balance;</u>	858
<u>(h) Where the security is offered for private or public</u>	859
<u>sale, evidence that the sale was consummated in compliance with</u>	860
<u>the provisions of sections 1309.610, 1309.611, 1309.615,</u>	861
<u>1309.617, and 1309.624 of the Revised Code.</u>	862
<u>(6) A sortable electronic spreadsheet of all loans upon</u>	863
<u>which a credit life claim has been paid by the insurer that</u>	864
<u>shall include all of the following:</u>	865
<u>(a) Principal borrower's name;</u>	866
<u>(b) Loan or account number;</u>	867
<u>(c) Date of death;</u>	868
<u>(d) Total amount paid by the insurance claim;</u>	869
<u>(e) Amount applied to the principal borrower's account.</u>	870
<u>(7) General business records including, but not limited</u>	871
<u>to, financial statements, check registers, bank statements,</u>	872
<u>contracts with third-party vendors relating to lending services,</u>	873
<u>policy and procedures manual, and training materials.</u>	874
<u>(8) All contracts or agreements relating to business</u>	875
<u>relationships with businesses or individuals licensed by the</u>	876

<u>division of financial institutions;</u>	877
<u>(9) A file of all advertisements;</u>	878
<u>(10) Histories of nonpublished indices used to establish</u>	879
<u>interest rates for variable rate loans, which shall be</u>	880
<u>maintained for two years from date of usage;</u>	881
<u>(11) Any other records the superintendent may from time to</u>	882
<u>time specify in writing.</u>	883
<u>(B) Where electronic records are required, a licensee may</u>	884
<u>retain paper records as well. Where electronic records are</u>	885
<u>required, the superintendent may, for good cause, allow a</u>	886
<u>licensee to retain paper records in lieu of the electronic</u>	887
<u>records required by this section.</u>	888
<u>(C) (1) A licensee shall keep and preserve records</u>	889
<u>pertaining to loans made under sections 1321.62 to 1321.702 of</u>	890
<u>the Revised Code for at least two years after the final entry on</u>	891
<u>the record. The final entry on the record occurs when the loan</u>	892
<u>is paid in full, charged off as uncollectible, sold, transferred</u>	893
<u>or assigned to another, or discharged or otherwise settled by a</u>	894
<u>final order issued in litigation governing the loan transaction.</u>	895
<u>(2) Notwithstanding division (C) (1) of this section, a</u>	896
<u>licensee shall keep and preserve records pertaining to</u>	897
<u>residential mortgage loans in accordance with 12 C.F.R.</u>	898
<u>1026.25(b) (3) as in effect on November 30, 2016.</u>	899
<u>(3) A licensee shall keep and preserve records pertaining</u>	900
<u>to an advertisement for at least two years after the date the</u>	901
<u>advertisement is published, broadcast, or disseminated.</u>	902
<u>(D) A licensee shall segregate the records pertaining to</u>	903
<u>business conducted pursuant to sections 1321.62 to 1321.702 of</u>	904

the Revised Code from all other business records. 905

(E) A licensee shall notify the superintendent via the NMLSR of a change of location of its records pertaining to business conducted pursuant to sections 1321.62 to 1321.702 of the Revised Code not later than five business days after the change. 906
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(F) Where a licensee maintains electronic records in compliance with this section and those records are located outside of this state, the licensee shall make the electronic records available to the division of financial institutions upon request, within the time frame provided by the division. The electronic records may be uploaded to a secure server for the purpose of the division conducting an examination of the licensee. 911
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(G) In the event electronic records, books, records, data, and documents of a licensee are located outside of this state and the superintendent determines that an in-person examination is necessary, the licensee shall, upon the request of the superintendent, pay in advance the estimated costs of the examination of the licensee outside this state, including the proportionate cost of the salaries of division of financial institutions employees who conduct the examination. The estimated costs of an out-of-state examination, as determined by the superintendent, shall be deposited with the division of financial institutions upon demand. After the actual costs of the out-of-state examination have been determined, any funds in the deposit account in excess of costs as itemized by the division of financial institutions shall be returned to the licensee. 919
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(H) Any records maintained on an electronic storage media 934

- or system shall meet all of the following requirements: 935
- (1) The electronic storage media or system must preserve 936
the records in a nonrewritable, nonerasable format. 937
- (2) The electronic storage media or system must verify 938
automatically the quality and accuracy of the storage media 939
recording process. 940
- (3) The electronic storage media or system must serialize 941
the original and the duplicate units of storage media, and affix 942
a date and time for the required period of retention on both the 943
original and duplicate. 944
- (4) The electronic storage media or system must have the 945
capacity to readily download indices and records preserved on 946
the electronic storage media or system to any medium acceptable 947
to the superintendent. 948
- (5) Acceptable facilities and appropriate equipment must, 949
at all times during normal business hours, be available to the 950
superintendent for immediate, easily readable projection or 951
production of electronic storage media or system images and for 952
producing easily readable images. 953
- (6) Immediate facsimile enlargement must be available upon 954
the superintendent's request. 955
- (7) A duplicate copy of the electronic record stored on 956
any electronic media or system for the time required must be 957
stored separately from the "original" electronic record. 958
- (8) The electronic storage media or system must organize 959
and index accurately all information maintained on both the 960
original and duplicate storage media or system. 961
- (9) At all times, a licensee must be able to have indices 962

<u>of the electronic records being stored available for examination</u>	963
<u>by the superintendent.</u>	964
<u>(10) Each index must also be duplicated and the duplicate</u>	965
<u>copies must be stored separately from the original copy of each</u>	966
<u>index.</u>	967
<u>(11) Original and duplicate indices must be preserved for</u>	968
<u>the time required for the indexed records.</u>	969
<u>(12) An audit system must be in place that does all of the</u>	970
<u>following:</u>	971
<u>(a) Provides for accountability regarding inputting of</u>	972
<u>records and inputting any changes made to every original and</u>	973
<u>duplicate record maintained and preserved;</u>	974
<u>(b) Requires the licensee, at all times, to have the</u>	975
<u>results of the audit system available for examination by the</u>	976
<u>superintendent;</u>	977
<u>(c) Preserves the results of the audit for the time</u>	978
<u>required for the audited records.</u>	979
<u>(13) All information necessary to access records and</u>	980
<u>indices stored on the electronic storage media or system, a copy</u>	981
<u>of the physical and logical file format of the electronic</u>	982
<u>storage media or system, the field format of all different</u>	983
<u>information types written on the electronic storage media or</u>	984
<u>system, together with the appropriate documentation and</u>	985
<u>information necessary to access records and indices must be</u>	986
<u>maintained, kept current, and provided promptly to the</u>	987
<u>superintendent upon request.</u>	988
<u>(14) No paper documents produced or reproduced by means of</u>	989
<u>an electronic storage media or system may be destroyed until the</u>	990

conditions of division (H) of this section have been met with 991
regard to each paper document that is to be destroyed. 992

(15) At the request of the division: 993

(a) Records must be printed on paper for inspection or 994
examination without cost to the division within forty-eight 995
hours of the request. The superintendent may grant additional 996
time for good cause shown upon receipt of a request for 997
additional time from the licensee. 998

(b) The licensee shall provide any court documents in 999
addition to those described in division (A) (3) of this section. 1000

(I) In order to reduce the risk of consumer fraud and 1001
related harms, including identity theft, licensees shall be 1002
required to comply with section 216 of the "Fair and Accurate 1003
Credit Transactions Act of 2003," 117 Stat. 1952 (amended 2010), 1004
15 U.S.C. 1681w as in effect on November 30, 2016, section 501 1005
of the "Gramm Leach Bliley Act," 113 Stat. 1338 (1999) (amended 1006
2010), 15 U.S.C. 6801 as in effect on November 30, 2016, and the 1007
rules promulgated pursuant to those federal acts, including 16 1008
C.F.R. Part 313 and 16 C.F.R. Part 682, as in effect November 1009
30, 2016, pertaining to the maintenance, security, and disposal 1010
of consumer information and records. 1011

(J) The division shall make or cause to be made an 1012
examination of records pertaining to loans made under sections 1013
1321.62 to 1321.702 of the Revised Code at least once every 1014
twenty-four months for the purpose of determining whether the 1015
licensee is complying with those sections and verifying the 1016
licensee's annual report. 1017

Sec. 1321.661. (A) Each licensee shall submit to the NMLSR 1018
call reports or other reports of condition, which reports shall 1019

be in such form and shall contain such information as the NMLSR 1020
may require. 1021

(B)(1) As required by the superintendent of financial 1022
institutions, each licensee shall file with the division of 1023
financial institutions an annual report under oath or 1024
affirmation, on forms supplied by the division, concerning the 1025
business and operation of the licensee for the preceding 1026
calendar year. 1027

(2) The superintendent shall annually publish an analysis 1028
of the information required under division (B)(1) of this 1029
section, but the individual reports shall not be public records 1030
and shall not be open to public inspection. 1031

Sec. 1321.662. (A)(1) The following information is 1032
confidential: 1033

(a) Examination information, and any information leading 1034
to or arising from an examination; 1035

(b) Investigation information, and any information arising 1036
from or leading to an investigation. 1037

(2) The information described in division (A)(1) of this 1038
section shall remain confidential for all purposes except when 1039
it is necessary for the superintendent of financial institutions 1040
to take official action regarding the affairs of a licensee, or 1041
in connection with criminal or civil proceedings to be initiated 1042
by a prosecuting attorney or the attorney general. This 1043
information may also be introduced into evidence or disclosed 1044
when and in the manner authorized by section 1181.25 of the 1045
Revised Code. 1046

(B) All application information, except social security 1047
numbers, employer identification numbers, financial account 1048

numbers, the identity of the institution where financial 1049
accounts are maintained, personal financial information, 1050
fingerprint cards and the information contained on such cards, 1051
and criminal background information, is a public record as 1052
defined in section 149.43 of the Revised Code. 1053

(C) This section does not prevent the division of 1054
financial institutions from releasing to or exchanging with 1055
other financial institution regulatory authorities information 1056
relating to licensees. For this purpose, a "financial 1057
institution regulatory authority" includes a regulator of a 1058
business activity in which a licensee is engaged, or has applied 1059
to engage in, to the extent that the regulator has jurisdiction 1060
over a licensee engaged in that business activity. A licensee is 1061
engaged in a business activity, and a regulator of that business 1062
activity has jurisdiction over the licensee, whether the 1063
licensee conducts the activity directly or a subsidiary or 1064
affiliate of the licensee conducts the activity. 1065

(D) (1) Any confidentiality or privilege arising under 1066
federal or state law with respect to any information or material 1067
provided to the NMLSR shall continue to apply to the information 1068
or material after the information or material has been provided 1069
to the NMLSR. The information and material so provided may be 1070
shared with all state and federal regulatory officials with 1071
oversight authority without the loss of confidentiality or 1072
privilege protections provided by federal law or the law of any 1073
state. Information or material described in division (D) (1) of 1074
this section to which confidentiality or privilege applies shall 1075
not be subject to any of the following: 1076

(a) Disclosure under any federal or state law governing 1077
disclosure to the public of information held by an officer or an 1078

agency of the federal government or of the respective state; 1079

(b) Subpoena or discovery, or admission into evidence, in 1080
any private civil action or administrative process, unless the 1081
person to whom such information or material pertains waives, in 1082
whole or in part and at the discretion of the person, any 1083
privilege held by the NMLSR with respect to that information or 1084
material. 1085

(2) The superintendent, in order to promote more effective 1086
regulation and reduce regulatory burden through supervisory 1087
information sharing, may enter into sharing arrangements with 1088
other governmental agencies, the conference of state bank 1089
supervisors, and the American association of residential 1090
mortgage regulators. 1091

(3) Any state law, including section 149.43 of the Revised 1092
Code, relating to the disclosure of confidential supervisory 1093
information or any information or material described in division 1094
(A) (1) or (D) (1) of this section that is inconsistent with this 1095
section shall be superseded by the requirements of this section. 1096

(E) This section does not prevent the division from 1097
releasing information relating to licensees to the attorney 1098
general, to the superintendent of insurance for purposes 1099
relating to the administration of Chapter 3953. of the Revised 1100
Code, to the commissioner of securities for purposes relating to 1101
the administration of Chapter 1707. of the Revised Code, or to 1102
local law enforcement agencies and local prosecutors. 1103
Information the division releases pursuant to this section 1104
remains confidential. 1105

(F) The superintendent of financial institutions shall, by 1106
rule adopted in accordance with Chapter 119. of the Revised 1107

Code, establish a process by which licensees may challenge 1108
information provided to the NMLSR by the superintendent. 1109

Sec. 1321.663. No person, in connection with any 1110
examination or investigation conducted by the superintendent of 1111
financial institutions under sections 1321.62 to 1321.702 of the 1112
Revised Code shall knowingly do any of the following: 1113

(A) Circumvent, interfere with, obstruct, or fail to 1114
cooperate with the superintendent, including making a false or 1115
misleading statement, failing to produce records, or 1116
intimidating or suborning any witness; 1117

(B) Withhold, abstract, remove, mutilate, destroy, or 1118
secrete any books, records, computer records, or other 1119
information; 1120

(C) Tamper with, alter, or manufacture any evidence. 1121

Sec. 1321.664. In order to reduce the risk of consumer 1122
fraud and related harms, including identity theft, licensees 1123
shall comply with the provisions of the "Fair and Accurate 1124
Credit Transactions Act of 2003," 117 Stat. 1952 (amended 2010), 1125
15 U.S.C. 1681w, as in effect on November 30, 2016, the "Gramm 1126
Leach Bliley Act," 113 Stat. 1138 (1999) (amended 2010), 15 1127
U.S.C. 6801, as in effect on November 30, 2016, including those 1128
federal acts as amended from time to time and the rules 1129
promulgated pursuant to those federal acts, including 16 C.F.R. 1130
682, as in effect November 30, 2016, pertaining to the 1131
maintenance, security, and disposal of consumer information and 1132
records. 1133

Sec. 1321.665. Before ceasing to conduct or discontinuing 1134
business as a licensee, the licensee shall arrange for and be 1135
responsible for the preservation of the books and records 1136

required to be maintained and preserved under sections 1321.62 1137
to 1321.702 of the Revised Code and shall notify the division of 1138
financial institutions in writing of the exact address where the 1139
books and records will be maintained during the required period. 1140

Sec. 1321.666. The superintendent of financial 1141
institutions may suspend, revoke, or refuse to renew any license 1142
issued by the superintendent under sections 1321.62 to 1321.702 1143
of the Revised Code, or bring any other authorized 1144
administrative enforcement action in accordance with section 1145
1321.70 of the Revised Code, against any person for failure to 1146
maintain records in accordance with section 1321.66 of the 1147
Revised Code. 1148

Sec. 1321.667. (A) Except as otherwise provided in section 1149
9.02 of the Revised Code, any party, including a governmental 1150
authority, that requires or requests a licensee to assemble or 1151
provide a customer's financial records shall pay the licensee 1152
for all actual and necessary costs directly incurred in 1153
searching for, reproducing, or transporting those records 1154
according to the following schedule: 1155

(1) Reimbursement of search and processing costs shall be 1156
the total amount of personnel direct time incurred in locating 1157
and retrieving, reproducing, packaging, and preparing financial 1158
records for shipment. The rate for search and processing costs 1159
shall be eleven dollars per hour per person, computed on the 1160
basis of two dollars and seventy-five cents per quarter hour or 1161
fraction thereof, and shall be limited to the total amount of 1162
personnel time spent in locating and retrieving documents or 1163
information or reproducing or packaging and preparing documents 1164
for shipment where required or requested by a party. Specific 1165
salaries of such persons shall not be included in search costs. 1166

In addition, search and processing costs shall not include 1167
salaries, fees, or similar costs for analysis of material or for 1168
managerial or legal advice, expertise, research, or time spent 1169
for any of these activities. If itemized separately, search and 1170
processing costs may include the actual cost of extracting 1171
information stored by computer in the format in which it is 1172
normally produced, based on computer time and necessary 1173
supplies; however, personnel time for computer search may be 1174
paid for only at the rate specified in division (A) (1) of this 1175
section. 1176

(2) Reimbursement for reproduction costs shall be for 1177
costs incurred in making copies of documents required or 1178
requested. The rate for reproduction costs for making copies of 1179
required or requested documents shall be twenty-five cents for 1180
each page, including copies produced by reader or printer 1181
reproduction processes. Photographs, films, and other materials 1182
shall be reimbursed at actual cost. 1183

(3) Reimbursement for transportation costs shall be for 1184
necessary costs, directly incurred, to transport personnel to 1185
locate and retrieve the information required or requested and 1186
for necessary costs, directly incurred, solely by the need to 1187
convey the required or requested material to the place of 1188
examination. 1189

(B) A licensee shall not be entitled to reimbursement for 1190
costs incurred in assembling or providing the following records 1191
or information: 1192

(1) Any financial records provided as an incident to 1193
perfecting a security interest, proving a claim in bankruptcy, 1194
or otherwise collecting on a debt owing to the licensee; 1195

(2) Financial records that are not identified with or 1196
identifiable as being derived from the financial records of a 1197
particular customer. 1198

(C) Payment shall be made only for costs that are directly 1199
incurred, actual, and necessary. No payment shall be made until 1200
the licensee satisfactorily complies with the request or 1201
requirement, except that in the case where the request or 1202
requirement is withdrawn or revoked, the licensee shall be 1203
reimbursed for the actual and necessary costs directly incurred 1204
in assembling financial records required or requested to be 1205
produced prior to the time the party notifies the licensee that 1206
the request or requirement is withdrawn or revoked. No payment 1207
shall be made unless the licensee submits an itemized bill or 1208
invoice showing specific details concerning search and 1209
processing, reproduction, and transportation costs. Search and 1210
processing time shall be billed in fifteen-minute increments. 1211

(D) As used in this section: 1212

(1) "Costs directly incurred" means costs incurred solely 1213
and necessarily as a consequence of searching for, reproducing, 1214
or transporting books, papers, records, or other data, in order 1215
to comply with a request or requirement to produce a customer's 1216
financial records. The term does not include any allocation of 1217
fixed costs, such as overhead, equipment, and depreciation. If a 1218
licensee has financial records that are stored at an independent 1219
storage facility that charges a fee to search for, reproduce, or 1220
transport particular records requested, these costs shall be 1221
considered to be directly incurred by the licensee. 1222

(2) "Customer," "financial record," and "governmental 1223
authority" have the same meanings as in section 9.02 of the 1224
Revised Code. 1225

Sec. 1321.67. (A) For purposes of sections 1321.62 to 1226
1321.702 of the Revised Code, a loan shall be considered closed 1227
upon the signature of the obligor or obligors, unless the loan 1228
contract is not executed by signature, in which case the loan is 1229
considered closed upon disbursement of loan funds. 1230

(B) All loans made under sections 1321.62 to 1321.702 of 1231
the Revised Code by direct mail shall be made from a place of 1232
business for which the licensee holds a valid license. 1233

(C) Licensees have an ongoing duty to notify the division 1234
of financial institutions of material changes in the information 1235
contained in the application and exhibits, schedules, and other 1236
documentation submitted in conjunction with the application, and 1237
to report all changes or additions to information in the 1238
application within thirty days of the change. Material changes 1239
in the information include changes in affiliations, controlling 1240
interest, officers, directors, criminal record, and any change 1241
in net worth below the requirements set forth in section 1321.65 1242
of the Revised Code. 1243

(D) Each licensee shall do all of the following: 1244

(1) Obtain the written consent of the borrower for any 1245
purchase of insurance on property of the borrower other than 1246
that which is used as security for the loan; 1247

(2) Permit payment to be made in advance in any amount on 1248
any contract at any time, but the licensee may apply the payment 1249
first to interest and charges due up to the date of payment; 1250

(3) Notify the borrower in writing of any interest rate 1251
change at least thirty but not more than one hundred twenty days 1252
prior to the effective date of the changes, provided that if the 1253
interest rate is tied to a published and verifiable index and 1254

the contractual rate of interest is adjusted within forty-five 1255
days of change in the published index rate, the licensee shall 1256
notify the borrower in writing of any interest rate change at 1257
least thirty days prior to the effective date of the change. The 1258
notice required under division (D) (3) of this section shall 1259
include all of the following: 1260

(a) A statement of the borrower's current interest rate 1261
and corresponding monthly payment prior to the reset date; 1262

(b) A good faith statement of the borrower's anticipated 1263
future interest rate and corresponding monthly payment following 1264
the reset date; 1265

(c) A statement that notifies the borrower to contact the 1266
licensee for workout options in the event that there is a 1267
possible problem of repayment at the new interest rate and 1268
monthly payment following the reset; 1269

(d) A toll-free number by which borrowers can discuss 1270
possible payment problems and workout options; 1271

(e) An explanation of the index or formula that is being 1272
used to reset the interest rate and the source of that index or 1273
formula. 1274

(4) In the instance of a non-amortized or partially 1275
amortized interest-bearing loan, provide the borrower with 1276
written notice of maturity at least ninety but not more than one 1277
hundred twenty days prior to the expected maturity date; 1278

(5) Clearly indicate by prominently disclosing on, or in, 1279
the loan documents, the federal or state statutory authority 1280
pursuant to which the loan is made. This prominent disclosure 1281
shall be provided on loans made: 1282

<u>(a) Solely in reliance on the provisions of sections</u>	1283
<u>1321.62 to 1321.702 of the Revised Code;</u>	1284
<u>(b) Partially in reliance on the provisions of sections</u>	1285
<u>1321.62 to 1321.702 of the Revised Code; or</u>	1286
<u>(c) In reliance on any combination of federal or state</u>	1287
<u>provisions that do not include sections 1321.62 to 1321.702 of</u>	1288
<u>the Revised Code.</u>	1289
<u>(6) In providing any payment history requested by the</u>	1290
<u>borrower or by the division, provide a clear and accurate</u>	1291
<u>payment statement in a manner a reasonable borrower should</u>	1292
<u>understand that sets forth the dates and amounts due and owing</u>	1293
<u>and the dates and amounts received and paid.</u>	1294
<u>(E) A licensee shall not be prohibited from holding other</u>	1295
<u>licenses or registrations issued by the division as long as the</u>	1296
<u>licensee is in compliance with section 1321.63 of the Revised</u>	1297
<u>Code and other applicable provisions of state and federal laws.</u>	1298
<u>(F) A licensee is liable for payment of the annual</u>	1299
<u>assessment described in division (B) of section 1321.641 of the</u>	1300
<u>Revised Code on any loan made by the licensee that has been</u>	1301
<u>sold, transferred, or assigned to another person if servicing</u>	1302
<u>rights have been retained by the licensee.</u>	1303
<u>Sec. 1321.671.</u> (A) <u>Upon repayment of the loan in full, the</u>	1304
<u>original note signed by any obligor or copy, photograph, or</u>	1305
<u>stored representation of the original note as retained in</u>	1306
<u>accordance with section 1321.66 of the Revised Code shall be</u>	1307
<u>plainly marked "paid" or "canceled" and the note or the</u>	1308
<u>reproduction of the note shall be returned to the obligor or, if</u>	1309
<u>there are two or more obligors, to one of them.</u>	1310
<u>(B) If requested, the licensee shall give to the borrower</u>	1311

a receipt for each payment made on account of any interest- 1312
bearing or precomputed loan. 1313

Sec. 1321.672. (A) When, in connection with a loan, a 1314
licensee furnishes or places insurance written on behalf of the 1315
borrower at the borrower's expense, a policy or certificate of 1316
insurance properly executed shall be furnished to the borrower 1317
within fifteen days of the closing date of the loan. The policy 1318
or certificate shall state the name of the insurance company, 1319
the nature of the insurance, the extent of the coverage, the 1320
amount of the premium, and the effective and expiration dates of 1321
the policy. 1322

(B) If a licensee furnishes or places credit life 1323
insurance, credit accident and health insurance, or unemployment 1324
insurance on behalf of the borrower at the borrower's expense, 1325
the licensee shall give written notice to the borrower at the 1326
time the loan is made. The notice shall disclose the borrower's 1327
right to cancel the insurance within twenty-five days after the 1328
purchase of the insurance with a full refund of the premium or 1329
identifiable charge for the insurance. The notice shall further 1330
disclose that the cancellation may be effected upon the written 1331
request of the borrower together with the return of the policy 1332
or certificate of insurance to the licensee. 1333

(C) All insurance sold or obtained in connection with the 1334
making of a loan shall be governed by Title XXXIX of the Revised 1335
Code. 1336

(D) In any transaction in which the licensee furnishes or 1337
places insurance on behalf of the borrower at the borrower's 1338
expense, the licensee shall, prior to furnishing or placing the 1339
insurance, provide written disclosure to the borrower of the 1340
business relationship, beneficial ownership or affiliation, 1341

whether direct or indirect, between the licensee and the 1342
insurer. 1343

Sec. 1321.673. No licensee shall conduct the business of 1344
making loans under sections 1321.62 to 1321.702 of the Revised 1345
Code in any office, room, or place of business in which any 1346
other business is solicited or engaged in, or in association or 1347
conjunction with any other such business, if the superintendent 1348
of financial institutions finds, pursuant to a hearing conducted 1349
in accordance with Chapter 119. of the Revised Code, that the 1350
other business is of such a nature that the conduct tends to 1351
conceal evasion of sections 1321.62 to 1321.702 of the Revised 1352
Code, and orders the licensee in writing to desist from the 1353
conduct. 1354

Sec. 1321.674. (A) Any person that willfully violates 1355
section 1321.68 of the Revised Code shall forfeit to the 1356
borrower the amount of interest paid by the borrower. The 1357
maximum rate of interest applicable to any loan transaction that 1358
does not comply with section 1321.68 of the Revised Code shall 1359
be the rate that would be applicable in the absence of sections 1360
1321.62 to 1321.702 of the Revised Code. 1361

(B) Any extension of credit under sections 1321.62 to 1362
1321.702 of the Revised Code shall include a notice in at least 1363
ten point type at the bottom of the first page of any loan 1364
agreement to read: "This loan is governed by, and made pursuant 1365
to, the provisions of the Ohio Consumer Installment Loan Act 1366
under R.C. 1321.62 - 1321.702." 1367

Sec. 1321.68. (A) A licensee may contract for and receive 1368
interest, calculated according to the actuarial method, at a 1369
rate or rates not exceeding twenty-five per cent per year on the 1370
unpaid principal balances of the loan. Loans may be interest- 1371

bearing or precomputed. 1372

(B) For purposes of computation of time on interest- 1373
bearing and precomputed loans, including, but not limited to, 1374
the calculation of interest, a month is considered one-twelfth 1375
of a year, and a day is considered one three hundred sixty-fifth 1376
of a year when calculation is made for a fraction of a month. A 1377
year is as defined in section 1.44 of the Revised Code. A month 1378
is that period described in section 1.45 of the Revised Code. 1379
Alternatively, a licensee may consider a day as one three 1380
hundred sixtieth of a year and each month as having thirty days. 1381

(C) With respect to interest-bearing loans: 1382

(1) (a) Interest shall be computed on unpaid principal 1383
balances outstanding from time to time, for the time 1384
outstanding. 1385

(b) As an alternative to the method of computing interest 1386
set forth in division (C) (1) (a) of this section, a licensee may 1387
charge and collect interest for the first installment period 1388
based on elapsed time from the date of the loan to the first 1389
scheduled payment due date, and for each succeeding installment 1390
period from the scheduled payment due date to the next scheduled 1391
payment due date, regardless of the date or dates the payments 1392
are actually made. 1393

(c) Whether a licensee computes interest pursuant to 1394
division (C) (1) (a) or (b) of this section, each payment shall be 1395
applied first to unpaid charges, then to interest, and the 1396
remainder to the unpaid principal balance. However, if the 1397
amount of the payment is insufficient to pay the accumulated 1398
interest, the unpaid interest continues to accumulate to be paid 1399
from the proceeds of subsequent payments and is not added to the 1400

principal balance. 1401

(2) Interest shall not be compounded, collected, or paid 1402
in advance. However, both of the following apply: 1403

(a) Interest may be charged to extend the first monthly 1404
installment period by not more than fifteen days, and the 1405
interest charged for the extension may be added to the principal 1406
amount of the loan. 1407

(b) If part or all of the consideration for a new loan 1408
contract is the unpaid principal balance of a prior loan, the 1409
principal amount payable under the new loan contract may include 1410
any unpaid interest that has accrued. The resulting loan 1411
contract shall be deemed a new and separate loan transaction for 1412
purposes of this section. The unpaid principal balance of a 1413
precomputed loan is the balance due after refund or credit of 1414
unearned interest as provided in division (D) (3) of this 1415
section. 1416

(D) With respect to precomputed loans: 1417

(1) Loans shall be repayable in monthly installments of 1418
principal and interest combined, except that: 1419

(a) The first installment period may exceed one month by 1420
not more than fifteen days, and the first installment payment 1421
amount may be larger than the remaining payments by the amount 1422
of interest charged for the extra days. 1423

(b) Monthly installment payment dates may be omitted to 1424
accommodate borrowers with seasonal income. 1425

(2) Payments may be applied to the combined total of 1426
principal and precomputed interest until maturity of the loan. A 1427
licensee may charge interest after the original or deferred 1428

maturity of a precomputed loan at the rate specified in division 1429
(A) of this section on all unpaid principal balances for the 1430
time outstanding. 1431

(3) When any loan contract is paid in full by cash, 1432
renewal, refinancing, or a new loan, one month or more before 1433
the final installment due date, the licensee shall refund, or 1434
credit the borrower with, the total of the applicable charges 1435
for all fully unexpired installment periods, as originally 1436
scheduled or as deferred, that follow the day of prepayment. If 1437
the prepayment is made other than on a scheduled installment due 1438
date, the nearest scheduled installment due date shall be used 1439
in such computation. If the prepayment occurs prior to the first 1440
installment due date, the licensee may retain one-thirtieth of 1441
the applicable charge for a first installment period of one 1442
month for each day from date of loan to date of prepayment, and 1443
shall refund, or credit the borrower with, the balance of the 1444
total interest contracted for. If the maturity of the loan is 1445
accelerated for any reason and judgment is entered, the licensee 1446
shall credit the borrower with the same refund as if prepayment 1447
in full had been made on the date the judgment is entered. 1448

(4) If the parties agree in writing, either in the loan 1449
contract or in a subsequent agreement, to a deferment of wholly 1450
unpaid installments, a licensee may grant a deferment and may 1451
collect a deferment charge as provided in this section. A 1452
deferment postpones the scheduled due date of the earliest 1453
unpaid installment and all subsequent installments as originally 1454
scheduled, or as previously deferred, for a period equal to the 1455
deferment period. The deferment period is that period during 1456
which no installment is scheduled to be paid by reason of the 1457
deferment. The deferment charge for a one-month period may not 1458
exceed the applicable charge for the installment period 1459

immediately following the due date of the last undeferred 1460
installment. A proportionate charge may be made for deferment 1461
for periods of more or less than one month. A deferment charge 1462
is earned pro rata during the deferment period and is fully 1463
earned on the last day of the deferment period. If a loan is 1464
prepaid in full during a deferment period, the licensee shall 1465
make, or credit to the borrower, a refund of the unearned 1466
deferment charge in addition to any other refund or credit made 1467
for prepayment of the loan in full. 1468

(E) A licensee, at the request of the borrower, may 1469
obtain, on one or more borrowers, credit life insurance, credit 1470
accident and health insurance, and unemployment insurance. The 1471
premium or identifiable charge for the insurance may be included 1472
in the principal amount of the loan and may not exceed the 1473
premium rate filed by the insurer with the superintendent of 1474
insurance and not disapproved by the superintendent. If a 1475
licensee obtains the insurance at the request of the borrower, 1476
the borrower shall have the right to cancel the insurance for a 1477
period of twenty-five days after the loan is made. If the 1478
borrower chooses to cancel the insurance, the borrower shall 1479
give the licensee written notice of this choice and shall return 1480
all of the policies or certificates of insurance or notices of 1481
proposed insurance to the licensee during such period, and the 1482
full premium or identifiable charge for the insurance shall be 1483
refunded to the borrower by the licensee. If the borrower 1484
requests, in the notice to cancel the insurance, that this 1485
refund be applied to reduce the balance of a precomputed loan, 1486
the licensee shall credit the amount of the refund plus the 1487
amount of interest applicable to the refund to the loan balance. 1488
If the licensee obtains the insurance at the request of the 1489
borrower, the licensee shall not charge or collect interest on 1490

any insured amount that remains unpaid after the insured 1491
borrower's date of death. 1492

(F) A licensee may require the borrower to provide 1493
insurance or a loss payable endorsement covering reasonable 1494
risks of loss, damage, and destruction of property used as 1495
security for the loan and with the consent of the borrower such 1496
insurance may cover property of the borrower other than that 1497
which is security for the loan. The amount and term of required 1498
property insurance shall be reasonable in relation to the amount 1499
and term of the loan contract and the type and value of the 1500
security, and the insurance shall be procured in accordance with 1501
the insurance laws of this state. The purchase of this insurance 1502
through the licensee or an agent or broker designated by the 1503
licensee shall not be a condition precedent to the granting of 1504
the loan. If the borrower purchases the insurance from or 1505
through the licensee or from another source, the premium may be 1506
included in the principal amount of the loan. 1507

(G) (1) In addition to the interest and charges provided 1508
for by this section, no further or other amount, whether in the 1509
form of broker fees, placement fees, or any other fees 1510
whatsoever, shall be charged or received by the licensee, except 1511
that: 1512

(a) The licensee may charge and receive costs and 1513
disbursements in connection with any suit to collect a loan or 1514
any lawful activity to realize on a security interest after 1515
default, including reasonable attorney's fees incurred by the 1516
licensee as a result of the suit or activity and to which the 1517
licensee becomes entitled by law. 1518

(b) The licensee may include the following additional 1519
charges in the principal amount of the loan or collect the 1520

following additional charges at any time after the loan is made: 1521

(i) The amounts of fees authorized by law to record, file, 1522
or release security interests on a loan; 1523

(ii) Fees received from borrowers to record, file, or 1524
release a security interest on a loan for purposes either of 1525
purchasing insurance to insure the licensee against losses for 1526
failure to record or file or creating a self-insurance fund to 1527
reimburse the licensee against losses for failure to record or 1528
file; 1529

(iii) Fees for credit investigations not exceeding twenty- 1530
five dollars provided a licensee obtains a consumer report in 1531
connection with an application for a grant, extension, or other 1532
provision of credit to a consumer that is based in whole or in 1533
part on the consumer report. 1534

(2) Division (G) (1) of this section does not limit the 1535
rights of licensees to engage in other transactions with 1536
borrowers, provided the transactions are not a condition of the 1537
loan. 1538

(H) If the loan contract or security instrument contains 1539
covenants by the borrower to perform certain duties pertaining 1540
to insuring or preserving security and the licensee pursuant to 1541
the loan contract or security instrument pays for performance of 1542
the duties on behalf of the borrower, the licensee may add the 1543
amounts paid to the unpaid principal balance of the loan or 1544
collect them separately. A charge for interest may be made for 1545
sums advanced not exceeding the rate of interest permitted by 1546
division (A) of this section. Within a reasonable time after 1547
advancing a sum, the licensee shall notify the borrower in 1548
writing of the amount advanced, any interest charged with 1549

respect to the amount advanced, and any revised payment 1550
schedule, and shall include a brief description of the reason 1551
for the advance. 1552

(I) (1) In addition to any other permissible fees and 1553
charges, a licensee may charge and receive the following: 1554

(a) If the principal amount of the loan is five hundred 1555
dollars or less, loan origination charges not exceeding fifteen 1556
dollars; 1557

(b) If the principal amount of the loan is more than five 1558
hundred dollars but less than one thousand dollars, loan 1559
origination charges not exceeding thirty dollars; 1560

(c) If the principal amount of the loan is at least one 1561
thousand dollars but less than two thousand dollars, loan 1562
origination charges not exceeding one hundred dollars; 1563

(d) If the principal amount of the loan is at least two 1564
thousand dollars but less than five thousand dollars, loan 1565
origination charges not exceeding two hundred dollars; 1566

(e) If the principal amount of the loan is at least five 1567
thousand dollars, loan origination charges not exceeding the 1568
greater of two hundred fifty dollars or one per cent of the 1569
principal amount of the loan. 1570

(2) Loan origination charges may be paid by the borrower 1571
at the time of the loan or may be included in the principal 1572
amount of the loan. 1573

(J) A licensee may charge and receive check collection 1574
charges not greater than twenty dollars plus any amount passed 1575
on from other depository institutions for each check, negotiable 1576
order of withdrawal, share draft, or other negotiable instrument 1577

returned or dishonored for any reason. 1578

(K) If the loan contract so provides, a licensee may 1579
collect a default charge on any installment not paid in full 1580
within ten days after its due date. For this purpose, all 1581
installments are considered paid in the order in which they 1582
become due. Any amounts applied to an outstanding loan balance 1583
as a result of voluntary release of a security interest, sale of 1584
security on the loan, or cancellation of insurance shall be 1585
considered payments on the loan, unless the parties otherwise 1586
agree in writing at the time the amounts are applied. A licensee 1587
shall not collect more than one default charge per unpaid 1588
installment regardless of the number of months the installment 1589
remains fully unpaid. The amount of the default charge shall not 1590
exceed the greater of five per cent of the scheduled installment 1591
or fifteen dollars. 1592

Sec. 1321.681. (A) For open-end loans, "billing cycle" 1593
means the time interval between periodic billing dates. A 1594
billing cycle shall be considered monthly if the closing date of 1595
the cycle is the same date each month or does not vary by more 1596
than four days from such date. 1597

(B) A licensee may make open-end loans pursuant to an 1598
agreement between the licensee and the borrower whereby: 1599

(1) The licensee may permit the borrower to obtain 1600
advances of money from the licensee from time to time or the 1601
licensee may advance money on behalf of the borrower from time 1602
to time as directed by the borrower. 1603

(2) The amount of each advance and permitted interest, 1604
charges, and costs are debited to the borrower's account and 1605
payments and other credits are credited to the same account. 1606

(3) The interest and charges are computed on the unpaid balance or balances of the account from time to time. 1607
1608

(4) The borrower has the privilege of paying the account in full at any time or, if the account is not in default, in installments of determinable amounts as provided in the agreement. 1609
1610
1611
1612

(C) A licensee may contract for and receive interest for open-end loans at a rate or rates not exceeding twenty-eight per cent per year and may compute interest in each billing cycle by either of the following methods: 1613
1614
1615
1616

(1) By multiplying the daily rate by the daily unpaid balance of the account, in which case the daily rate is determined by dividing the annual rate by three hundred sixty-five; 1617
1618
1619
1620

(2) By multiplying the monthly rate by the average daily unpaid balance of the account in the billing cycle, in which case the average daily unpaid balance is the sum of all of the daily unpaid balances each day during the cycle divided by the number of days in the cycle. The monthly rate is determined by dividing the annual rate by twelve. 1621
1622
1623
1624
1625
1626

(D) The billing cycle shall be monthly and the unpaid balance on any day shall be determined by adding to any balance unpaid as of the beginning of that day all advances and permitted interest, charges, and costs and deducting all payments and other credits made or received that day. 1627
1628
1629
1630
1631

(E) In addition to the interest permitted in division (C) of this section, a licensee may charge and receive or add to the unpaid balance any or all of the following: 1632
1633
1634

(1) All charges and costs authorized by divisions (E), 1635

(F), (G), (H), and (J) of section 1321.68 of the Revised Code; 1636

(2) An annual credit line charge, for the privilege of 1637
maintaining a line of credit, as follows: 1638

(a) For the first year: 1639

(i) If the original credit line is less than five thousand 1640
dollars, an amount not exceeding one hundred fifty dollars; 1641

(ii) If the original credit line is at least five thousand 1642
dollars, an amount not exceeding the greater of one per cent of 1643
the original credit line or two hundred fifty dollars. 1644

(b) For subsequent years, an amount not exceeding the 1645
greater of one-half per cent of the credit line on the 1646
anniversary date or fifty dollars. 1647

(3) A default charge on any required minimum payment not 1648
paid in full within ten days after its due date. For this 1649
purpose, all required minimum payments are considered paid in 1650
the order in which they become due. The amount of the default 1651
charge shall not exceed the greater of five per cent of the 1652
required minimum payment or twenty dollars. 1653

(F) The borrower at any time may pay all or any part of 1654
the unpaid balance on the account or, if the account is not in 1655
default, the borrower may pay the unpaid balance in installments 1656
subject to minimum payment requirements as determined by the 1657
licensee and set forth in the open-end loan agreement. 1658

(G) If credit life insurance or credit accident and health 1659
insurance is obtained by the licensee and if the insured dies or 1660
becomes disabled when there is an outstanding open-end loan 1661
indebtedness, the insurance shall be sufficient to pay the 1662
unpaid balance on the loan due on the date of the borrower's 1663

death in the case of credit life insurance or all minimum 1664
payments that become due on the loan during the covered period 1665
of disability in the case of credit accident and health 1666
insurance. The additional charge for credit life insurance, 1667
credit accident and health insurance, or unemployment insurance 1668
shall be calculated each billing cycle by applying the current 1669
monthly premium rate for the insurance, filed by the insurer 1670
with the superintendent of insurance and not disapproved by the 1671
superintendent, to the unpaid balances in the borrower's 1672
account, using one of the methods specified in division (C) of 1673
this section for the calculation of interest. No credit life 1674
insurance, credit accident and health insurance, or unemployment 1675
insurance written in connection with an open-end loan shall be 1676
canceled by the licensee because of delinquency of the borrower 1677
in making the required minimum payments on the loan unless one 1678
or more such payments is past due for a period of thirty days or 1679
more. The licensee shall advance to the insurer the amounts 1680
required to keep the insurance in force during such period, 1681
which amounts may be debited to the borrower's account. 1682

(H) Whenever there is no unpaid balance in an open-end 1683
loan account, the account may be terminated by written notice, 1684
by the borrower or the licensee, to the other party. 1685

Sec. 1321.69. (A) A licensee shall not permit any borrower 1686
to be indebted for a loan made under sections 1321.62 to 1687
1321.702 of the Revised Code at any time while the borrower is 1688
also indebted to an affiliate or agent of the licensee for a 1689
loan made under sections 1321.01 to 1321.19 or sections 1321.51 1690
to 1321.60 of the Revised Code for the purpose or with the 1691
result of obtaining greater charges than otherwise would be 1692
permitted by sections 1321.62 to 1321.702 of the Revised Code. 1693

(B) A licensee shall not induce or permit any person to 1694
become obligated to the licensee under sections 1321.62 to 1695
1321.702 of the Revised Code, directly or contingently, or both, 1696
under more than one contract of loan at the same time for the 1697
purpose or with the result of obtaining greater charges than 1698
would otherwise be permitted by sections 1321.62 to 1321.702 of 1699
the Revised Code. 1700

(C) A licensee shall not fail to provide information 1701
regarding the amount required to pay in full a loan made under 1702
sections 1321.62 to 1321.702 of the Revised Code within five 1703
business days after the receipt of a written request from a 1704
borrower or by another person designated in writing by the 1705
borrower. 1706

(D) A licensee shall not obtain a license through any 1707
false or fraudulent representation of a material fact or any 1708
omission of a material fact required by state or federal law, or 1709
make any substantial misrepresentation in the application to 1710
engage in lending under sections 1321.62 to 1321.702 of the 1711
Revised Code. 1712

(E) A licensee, in connection with the business of making 1713
or offering to make a loan, shall not knowingly make false or 1714
misleading statements of a material fact, omissions of 1715
statements required by state or federal law, or false promises 1716
regarding a material fact, through advertising or other means, 1717
or knowingly engage in a continued course of misrepresentations. 1718

(F) A licensee, or person making loans without a license 1719
in violation of section 1321.63 of the Revised Code, shall not 1720
knowingly engage in conduct, in connection with the business of 1721
making or offering to make loans under sections 1321.62 to 1722
1321.702 of the Revised Code, that constitutes improper, 1723

fraudulent, or dishonest dealings. 1724

(G) A licensee or applicant for a license shall not fail 1725
to notify the division of financial institutions within thirty 1726
days after having a license, or comparable authority, revoked in 1727
any governmental jurisdiction. 1728

(H) A licensee shall not knowingly make, propose, or 1729
solicit fraudulent, false, or misleading statements on any loan 1730
document or on any document related to a loan. For purposes of 1731
this division, "fraudulent, false, or misleading statements" 1732
does not include mathematical errors, inadvertent transposition 1733
of numbers, typographical errors, or any other bona fide error. 1734

(I) A licensee shall not knowingly instruct, solicit, 1735
propose, or otherwise cause a borrower to sign in blank a loan- 1736
related document in connection with a loan. 1737

(J) A licensee shall not take any note or other promise to 1738
pay that does not set forth the entire agreement made with the 1739
borrower. 1740

(K) A licensee shall not take any note or promise to pay 1741
in which blanks are left to be filled in after execution. 1742

(L) A licensee shall not charge or collect interest prior 1743
to the date of disbursement of the loan funds to the borrower. 1744

(M) A licensee shall not make a new loan for the purpose 1745
of paying any part of the interest or principal due on an 1746
existing loan with the same licensee unless the interest and 1747
principal balance of the existing loan is paid in full from the 1748
proceeds of the new loan. 1749

(N) Notwithstanding any provision of sections 1321.62 to 1750
1321.702 of the Revised Code to the contrary, no licensee shall 1751

give, or advertise an offer to give, any article, merchandise, 1752
reward-program benefit, or any other thing of value, as 1753
inducement to a borrower or prospective borrower to obtain a 1754
loan, unless the cost of the thing of value is absorbed by the 1755
licensee as general overhead, rather than directly charged to 1756
the borrower who received the thing of value. 1757

Sec. 1321.70. (A) The division of financial institutions 1758
may, upon written notice to the licensee stating the 1759
contemplated action, the grounds for the action, and the 1760
licensee's reasonable opportunity to be heard on the action in 1761
accordance with Chapter 119. of the Revised Code, revoke, 1762
suspend, or refuse to renew any license issued under sections 1763
1321.62 to 1321.702 of the Revised Code if it finds a violation 1764
of or failure to comply with any provision of sections 1321.62 1765
to 1321.702 of the Revised Code or the rules adopted thereunder, 1766
any federal lending law, or any other law applicable to the 1767
business conducted under a license. 1768

(B) In addition to, or in lieu of, any revocation, 1769
suspension, or denial, the division may impose a monetary fine 1770
after administrative hearing or in settlement of matters subject 1771
to claims under division (A) of this section. 1772

(C) The revocation, suspension, or refusal to renew shall 1773
not impair the obligation of any pre-existing lawful contract 1774
made under sections 1321.62 to 1321.702 of the Revised Code; 1775
provided, however, that a prior licensee shall make good faith 1776
efforts to promptly transfer the licensee's collection rights to 1777
another licensee or person exempt from licensing, or be subject 1778
to additional monetary fines and legal or administrative action 1779
by the division. Nothing in this division shall limit a court's 1780
ability to impose a cease-and-desist order preventing any 1781

further business or servicing activity. 1782

(D) (1) The superintendent of financial institutions may 1783
impose a fine for a violation of sections 1321.62 to 1321.702 of 1784
the Revised Code committed by a licensee. All fines collected 1785
pursuant to this section shall be paid to the treasurer of state 1786
to the credit of the consumer finance fund created in section 1787
1321.21 of the Revised Code. In determining the amount of a fine 1788
to be imposed pursuant to this division, the superintendent may 1789
consider all of the following to the extent it is known to the 1790
division: 1791

(a) The seriousness of the violation; 1792

(b) The licensee's good faith efforts to prevent the 1793
violation; 1794

(c) The licensee's history regarding violations and 1795
compliance with division orders; 1796

(d) The licensee's financial resources; 1797

(e) Any other matters the superintendent considers 1798
appropriate in enforcing sections 1321.62 to 1321.702 of the 1799
Revised Code. 1800

(2) Monetary fines imposed under division (D) (1) of this 1801
section shall not exceed twenty-five thousand dollars. 1802

(E) The superintendent may investigate alleged violations 1803
of sections 1321.62 to 1321.702 of the Revised Code, or the 1804
rules adopted thereunder, or complaints concerning any such 1805
violation. The superintendent may make application to the court 1806
of common pleas for an order enjoining any violation and, upon a 1807
showing by the superintendent that a person has committed, or is 1808
about to commit, a violation, the court shall grant an 1809

injunction, restraining order, or other appropriate relief. The 1810
superintendent, in making application to the court of common 1811
pleas for an order enjoining a person from acting as a licensee 1812
in violation of section 1321.63 of the Revised Code, may also 1813
seek and obtain civil penalties for that unlicensed conduct in 1814
an amount not to exceed five thousand dollars per violation. 1815

(F) In conducting an investigation pursuant to this 1816
section, the superintendent may compel, by subpoena, witnesses 1817
to testify in relation to any matter over which the 1818
superintendent has jurisdiction, and may require the production 1819
or photocopying of any book, record, or other document 1820
pertaining to such matter. If a person fails to file any 1821
statement or report, obey any subpoena, give testimony, produce 1822
any book, record, or other document as required by such a 1823
subpoena, or permit photocopying of any book, record, or other 1824
document subpoenaed, the court of common pleas of any county in 1825
this state, upon application made to it by the superintendent, 1826
shall compel obedience by attachment proceedings for contempt, 1827
as in the case of disobedience of the requirements of a subpoena 1828
issued from the court, or a refusal to testify therein. 1829

(G) If the superintendent determines that a person is 1830
engaged in, or is believed to be engaged in, activities that may 1831
constitute a violation of sections 1321.62 to 1321.702 of the 1832
Revised Code, the superintendent may, after notice and a hearing 1833
conducted in accordance with Chapter 119. of the Revised Code, 1834
issue a cease-and-desist order. The superintendent, in taking 1835
administrative action to enjoin a person from acting as a 1836
licensee in violation of section 1321.63 of the Revised Code, 1837
may also seek and impose fines for those violations in an amount 1838
not to exceed five thousand dollars per violation. Such an order 1839
shall be enforceable in the court of common pleas. 1840

(H) The superintendent shall regularly report violations of sections 1321.62 to 1321.702 of the Revised Code, as well as enforcement actions and other relevant information, to the NMLSR. 1841
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(I) (1) To protect the public interest, the superintendent may, without a prior hearing, do any of the following: 1845
1846

(a) Suspend the license of a person who is convicted of or pleads guilty or nolo contendere to a criminal violation of sections 1321.62 to 1321.702 of the Revised Code; 1847
1848
1849

(b) Suspend any licensee who violates section 1321.65 of the Revised Code; 1850
1851

(c) Suspend any licensee who fails to comply with a request made by the superintendent under this section. 1852
1853

(2) The superintendent may, in accordance with Chapter 119. of the Revised Code, subsequently revoke any license suspended under division (I) (1) of this section. 1854
1855
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Sec. 1321.701. (A) The attorney general may directly bring an action to enjoin a violation of sections 1321.62 to 1321.702 of the Revised Code with the same rights, privileges, and powers as those described in section 1345.06 of the Revised Code. The prosecuting attorney of the county in which the action may be brought may bring an action to enjoin a violation of sections 1321.62 to 1321.702 of the Revised Code only if the prosecuting attorney first presents any evidence of the violation to the attorney general and, within a reasonable period of time, the attorney general has not agreed to bring the action. 1857
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(B) These powers of the attorney general shall be in addition to any other applicable powers of the attorney general. 1867
1868

Sec. 1321.702. The superintendent of financial 1869
institutions may adopt, in accordance with Chapter 119. of the 1870
Revised Code, rules that are necessary for the enforcement of 1871
sections 1321.62 to 1321.702 of the Revised Code and that are 1872
consistent with those sections. Each rule shall contain a 1873
reference to the section, division, or paragraph of the Revised 1874
Code to which it applies. The superintendent shall send by 1875
regular mail to each licensee a copy of each rule that is 1876
adopted pursuant to this section. 1877

Sec. 1321.99. (A) Whoever violates section 1321.02 of the 1878
Revised Code is guilty of a felony of the fifth degree. 1879

(B) Whoever violates section 1321.13 of the Revised Code 1880
shall be fined not less than one hundred nor more than five 1881
hundred dollars or imprisoned not more than six months, or both. 1882

(C) Whoever violates section 1321.14 of the Revised Code 1883
shall be fined not less than fifty nor more than two hundred 1884
dollars for a first offense; for a second offense such person 1885
shall be fined not less than two hundred nor more than five 1886
hundred dollars and imprisoned for not more than six months. 1887

(D) Whoever willfully violates section 1321.57, 1321.58, 1888
division (A), (B), (C), or (D) of section 1321.59, 1321.591, or 1889
1321.60 of the Revised Code or whoever recklessly violates 1890
section 1321.651, 1321.68, 1321.681, or division (A), (B), (C), 1891
or (E) of section 1321.69 of the Revised Code is guilty of a 1892
minor misdemeanor and shall be fined not less than one nor more 1893
than five hundred dollars. 1894

(E) (1) Whoever violates section 1321.52 or division (I), 1895
(J), (K), (L), or (M) of section 1321.59, section 1321.63, or 1896
division (H), (I), or (K) of section 1321.69 of the Revised Code 1897

is guilty of a felony of the fifth degree. 1898

(2) A violation of section 1321.63 or division (K) of 1899
section 1321.69 of the Revised Code is a strict liability 1900
offense and section 2901.20 of the Revised Code does not apply. 1901

(F) Whoever violates division (A) of section 1321.73 of 1902
the Revised Code shall be fined not more than five hundred 1903
dollars or imprisoned not more than six months, or both. 1904

(G) Whoever violates section 1321.41 of the Revised Code 1905
is guilty of a misdemeanor of the first degree. 1906

(H) Whoever violates division (N) of section 1321.59 of 1907
the Revised Code is guilty of a felony of the fourth degree. 1908

(I) The imposition of fines pursuant to this section does 1909
not preclude the imposition of any administrative fines or civil 1910
penalties authorized under section 1321.54 or 1321.70 or any 1911
other section of the Revised Code. 1912

Section 2. That existing sections 1321.02, 1321.53, and 1913
1321.99 of the Revised Code are hereby repealed. 1914

Section 3. (A) Sections 1 and 2 of this act shall take 1915
effect on July 1, 2017. 1916

(B) Beginning on the effective date of this section, the 1917
Superintendent of Financial Institutions may take whatever 1918
actions the Superintendent considers necessary to ensure full 1919
compliance with this act by July 1, 2017, including the 1920
acceptance of applications for a license under sections 1321.62 1921
to 1321.702 of the Revised Code, as enacted by this act. 1922