



Representative Brett Hudson Hillyer
Ohio's 98th House District

Chairman Oelslager, Vice Chair Plummer, Ranking Member Sweeney, and members of the House Finance Committee – thank you for the opportunity to provide sponsor testimony on HB 520 – regarding consumer installment loans, terms, and lender employees.

I would like to highlight a couple points to provide some background on HB 520:

- HB 520 updates the Consumer Installment Loan Act (CILA). This legislation will modernize the laws impacting consumer installment lenders to allow Ohio brick-and-mortar lenders to improve upon their business while maintaining existing critical consumer protections. This provides an opportunity to expand Ohioans' access to safe and affordable credit by modernizing the lending laws.
- Licensees under this Act offer installment loans (in equal monthly payments) which are widely accepted to be the safest form of credit.
- Companies making loans under CILA have 6-month minimum loan terms, minimum loan amounts set in statute, strict regulations on when consumers can refinance (120 days), and clear regulation through the Ohio Department of Commerce, Department of Financial Institutions which allows for consumer complaints, routine examinations, and enforcement.
- Installment loans are not payday or title loans. They are your community partners making loans meant to improve the financial well-being of hardworking Ohioans.
- Increased access to installment credit in Ohio brings significant advantages, helping financial mobility for individuals and families through the opportunity to build credit histories, and to build and protect household wealth.
- Lending laws have been modernizing across the nation to allow consumers safe access to responsible, credit-building loans.
- Components of the legislation will be clarifying and updating the code to reflect the evolving marketplace and bring it into the economy.
- HB 520 first modernizes the statute by reflecting new methods of financial transactions to include electronic forms of payment, which is a growing preference among consumers.
- The next component of the legislation would allow CILA licensees acting in good faith a resolution similar to those afforded to other financial service organizations.
- The bill will also update outdated language and provide clarity to the judicial system in interpreting statute.
- The current version of HB 520 contains a remote work provision that was included in SB 264 which was enacted earlier this year that matched common place practices that were needed due to the Covid-19 pandemic.

- To additionally increase access to safe and affordable credit, HB 520 proposes a change to the maximum rates lenders under CILA may charge. A responsible increase from 25% to 36% will allow CILA lenders to take on more risk and increase availability of credit to Ohioans.
- This change in the maximum permissible interest rate is not intended to raise rates on existing consumers, but rather increase the availability of credit offered by well-regulated, Ohio licensed lending institutions with the consumer protections afforded under CILA.
- HB 520 will not solve all of Ohio's credit needs, but it will save more Ohioans from accessing credit with triple-digit rates. My office has become increasingly aware of online, out-of-state institutions using federal charter to import triple-digit interest rates into Ohio. A simple Google search for a consumer loan will demonstrate that these products are widely and readily available.

Thank you very much for allowing me the opportunity to testify on behalf of HB 520, I would be happy to answer any questions the committee may have.

Thank you for your consideration,



Brett Hudson Hillyer
Ohio's 98th House District