

# As Passed by the House

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REPRESENTATIVES Blasdel, Salerno, Carmichael, DeWine, Raga, Hoops,  
Metelsky, Schaffer, G. Smith, Allen, Webster, Collier, Reidelbach, Seitz, Ogg,  
Olman, Schmidt, Carano, Roman, Hagan, Latell, Schneider, Jolivette, Faber,  
Lendrum, White, Calvert, Setzer, Reinhard, Sulzer, Flowers, Hughes, Evans,  
Schuring, Niehaus, Widowfield, Williams, Trakas

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## A B I L L

To enact section 1.63 of the Revised Code to state the  
intent of the General Assembly on the relationship  
of state and local laws regarding the regulation of  
loans and other forms of credit, and to establish  
the Predatory Lending Study Committee to report to  
the General Assembly about predatory lending  
practices in mortgage lending or origination.

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

**Section 1.** That section 1.63 of the Revised Code be enacted  
to read as follows:

**Sec. 1.63.** (A) The state solely shall regulate the business  
of originating, granting, servicing, and collecting loans and  
other forms of credit in the state and the manner in which any  
such business is conducted, and this regulation shall be in lieu  
of all other regulation of such activities by any municipal  
corporation or other political subdivision.

(B) Any ordinance, resolution, regulation, or other action by

a municipal corporation or other political subdivision to 17  
regulate, directly or indirectly, the origination, granting, 18  
servicing, or collection of loans or other forms of credit 19  
constitutes a conflict with the Revised Code, including, but not 20  
limited to, Titles XI, XIII, XVII, and XLVII, and with the uniform 21  
operation throughout the state of lending and other credit 22  
provisions, and is preempted. 23

(C) Any ordinance, resolution, regulation, or other action by 24  
a municipal corporation or other political subdivision constitutes 25  
a conflict with the Revised Code, including, but not limited to, 26  
Titles XI, XIII, XVII, and XLVII, and is preempted, if the 27  
ordinance, resolution, regulation, or other action does either of 28  
the following: 29

(1) Disqualifies a person, or its subsidiaries or affiliates, 30  
from doing business with such municipal corporation or other 31  
political subdivision based upon the acts or practices of such 32  
person, or its subsidiaries or affiliates, as an originator, 33  
grantor, servicer, or collector of loans or other forms of credit; 34

(2) Imposes reporting requirements or other obligations upon 35  
a person, or its subsidiaries or affiliates, based upon such 36  
person's, or its subsidiaries' or affiliates', acts or practices 37  
as an originator, grantor, servicer, or collector of loans or 38  
other forms of credit. 39

(D) If any provision of this section, or any application of 40  
any provision of this section, is for any reason held to be 41  
illegal or invalid, the illegality or invalidity shall not affect 42  
any legal and valid provision or application of this section, and 43  
the provisions and applications of this section shall be 44  
severable. 45

**Section 2.** (A) The provisions of the Revised Code, including, 46  
but not limited to, Titles XI, XIII, XVII, and XLVII, relating to 47

the origination, granting, servicing, and collection of loans and 48  
other forms of credit prescribe rules of conduct upon citizens 49  
generally, comprise a comprehensive regulatory framework intended 50  
to operate uniformly throughout the state under the same 51  
circumstances and conditions, and constitute general laws within 52  
the meaning of Section 3 of Article XVIII of the Ohio 53  
Constitution. 54

(B) The provisions of the Revised Code, including, but not 55  
limited to, Titles XI, XIII, XVII, and XLVII, relating to the 56  
origination, granting, servicing, and collection of loans and 57  
other forms of credit have been enacted in furtherance of the 58  
police powers of the state. 59

(C) Silence in the Revised Code, including, but not limited 60  
to, Titles XI, XIII, XVII, and XLVII, with respect to any act or 61  
practice in the origination, granting, servicing, or collection of 62  
loans or other forms of credit shall not be interpreted to mean 63  
that the state has not completely occupied the field or has only 64  
set minimum standards in its regulation of lending and other 65  
credit activities. 66

(D) It is the intent of the General Assembly to entirely 67  
preempt municipal corporations and other political subdivisions 68  
from the regulation and licensing of lending and other credit 69  
activities. 70

**Section 3.** (A) The enactment of section 1.63 of the Revised 71  
Code by this act is intended as a clarification of existing law 72  
and not as a substantive change in the law. 73

(B) The enactment of section 1.63 of the Revised Code by this 74  
act expresses the legislative intent of the General Assembly 75  
currently and at the time of the original enactment of the 76  
provisions of the Revised Code, including, but not limited to, 77  
Titles XI, XIII, XVII, and XLVII, relating to the origination, 78

granting, servicing, and collection of loans and other forms of  
credit.

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**Section 4.** (A) There is hereby created the Predatory Lending  
Study Committee, which shall conduct a thorough investigation of  
the impact of predatory lending practices on the citizens and  
communities of Ohio. These predatory lending practices include,  
but are not limited to, loan flipping, balloon payments,  
origination fees, prepayment penalties, single premium credit  
insurance, packing unnecessary insurance coverages, lending  
without due regard to ability to pay, lending without due regard  
to tangible benefits to consumers, payments to home improvement  
contractors, foreclosure rates, appropriateness of subprime loans  
for customer populations, collusion among occupations related to  
real estate loans, and equity stripping. As part of its  
investigation, the Study Committee shall identify and evaluate  
current state and federal laws, rules, and regulations that  
address fraud, misrepresentation, and other deceptive practices in  
mortgage lending or origination. The Study Committee also shall  
evaluate the effectiveness of Am. Sub. S.B. 76 of the 124th  
General Assembly in deterring these practices and shall make  
recommendations it determines necessary to achieve that  
deterrence.

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(B) The Study Committee shall consist of thirteen members as  
follows:

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(1) Three members of the Senate appointed by the President of  
the Senate, two of whom are members of the majority party, and one  
of whom is a member of the minority party;

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(2) Three members of the House of Representatives appointed  
by the Speaker of the House of Representatives, two of whom are  
members of the majority party, and one of whom is a member of the  
minority party;

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(3) The Director of the Department of Commerce or the 110  
Director's designee; 111

(4) Three members representing consumer advocacy 112  
organizations, two of whom shall be appointed by the President of 113  
the Senate, and one of whom shall be appointed by the Speaker of 114  
the House of Representatives; 115

(5) Three members representing the lending community, two of 116  
whom shall be appointed by the Speaker of the House of 117  
Representatives, and one of whom shall be appointed by the 118  
President of the Senate. 119

(C) (1) The Director of the Department of Commerce or the 120  
Director's designee on the Study Committee shall serve as 121  
chairperson of the Study Committee. 122

(2) Members of the Study Committee shall serve without 123  
compensation or reimbursement. 124

(3) Vacancies on the Study Committee shall be filled in the 125  
same manner as the original appointment. 126

(D) The Department of Commerce shall provide necessary staff, 127  
facilities, supplies, and services to the Study Committee. 128

(E) The Study Committee shall meet initially within sixty 129  
days after the appointments to the Study Committee at the call of 130  
the chairperson and shall meet at least every ninety days 131  
thereafter at the call of the chairperson until the Study 132  
Committee submits the report described in division (F) of this 133  
section. The chairperson shall consider holding some regional 134  
public hearings to ensure that perspectives from throughout the 135  
state are presented to the Study Committee. 136

(F) The Study Committee shall publish its findings in a 137  
report and submit the report to the Governor, the Speaker and the 138  
Minority Leader of the House of Representatives, and the President 139

and Minority Leader of the Senate not later than December 31,  
2003. Included in the report shall be recommendations on  
legislation related to predatory lending to be enacted by the  
General Assembly. Upon submission of the report, the Study  
Committee shall cease to exist.

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