

**As Reported by the Senate Finance and Financial Institutions  
Committee**

**124th General Assembly  
Regular Session  
2001-2002**

**Sub. H. B. No. 386**

**REPRESENTATIVES Blasdel, Salerno, Carmichael, DeWine, Raga, Hoops,  
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SENATOR Jacobson**

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**A B I L L**

To amend sections 111.15, 119.01, 121.24, and 1322.062	1
and to enact sections 1.63, 1349.25, 1349.26,	2
1349.27, 1349.29, 1349.30, 1349.31, 1349.32,	3
1349.33, 1349.34, 1349.35, 1349.36, and 1349.37 of	4
the Revised Code and to amend Section 32 of Am.	5
Sub. H.B. 94 of the 124th General Assembly to	6
conform Ohio law with the federal Home Ownership	7
and Equity Protection Act of 1994 with respect to	8
specified consumer loans, to prohibit other	9
practices relative to those loans, to create the	10
Office of Consumer Affairs within the Division of	11
Financial Institutions, to state the intent of the	12
General Assembly on the relationship of state and	13
local laws regarding the regulation of loans and	14
other forms of credit, to establish the Predatory	15
Lending Study Committee to report to the General	16
Assembly about predatory lending practices in	17
mortgage lending or origination, and to make an	18

appropriation.

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

**Section 1.** That sections 111.15, 119.01, 121.24, and 1322.062  
be amended and sections 1.63, 1349.25, 1349.26, 1349.27, 1349.29,  
1349.30, 1349.31, 1349.32, 1349.33, 1349.34, 1349.35, 1349.36, and  
1349.37 of the Revised Code be enacted to read as follows:

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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.

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(B) Any ordinance, resolution, regulation, or other action by  
a municipal corporation or other political subdivision to  
regulate, directly or indirectly, the origination, granting,  
servicing, or collection of loans or other forms of credit  
constitutes a conflict with the Revised Code, including, but not  
limited to, Titles XI, XIII, XVII, and XLVII, and with the uniform  
operation throughout the state of lending and other credit  
provisions, and is preempted.

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

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(1) Disqualifies a person, or its subsidiaries or affiliates,  
from doing business with such municipal corporation or other  
political subdivision based upon the acts or practices of such

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person, or its subsidiaries or affiliates, as an originator,  
grantor, servicer, or collector of loans or other forms of credit;

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

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

(E) Nothing in this section shall be construed to invalidate  
or prohibit any ordinance, resolution, regulation, or other action  
by a municipal corporation or other political subdivision to  
establish and administer voluntary neighborhood reinvestment  
programs in furtherance of the goals and purposes of the  
"Community Reinvestment Act of 1977," 91 Stat. 1147, 12 U.S.C.A.  
2901, as amended.

(F) Nothing in this section shall be construed to invalidate  
any ordinance, resolution, regulation, or other action by a  
municipal corporation or other political subdivision that is  
required to meet the criteria for adequacy of law established by  
the United States department of housing and urban development in  
order to obtain certification as a fair housing assistance  
program.

**Sec. 111.15.** (A) As used in this section:

(1) "Rule" includes any rule, regulation, bylaw, or standard  
having a general and uniform operation adopted by an agency under

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the authority of the laws governing the agency; any appendix to a rule; and any internal management rule. "Rule" does not include any guideline adopted pursuant to section 3301.0714 of the Revised Code, any order respecting the duties of employees, any finding, any determination of a question of law or fact in a matter presented to an agency, or any rule promulgated pursuant to Chapter 119., section 4141.14, division (C)(1) or (2) of section 5117.02, or section 5703.14 of the Revised Code. "Rule" includes any amendment or rescission of a rule.

(2) "Agency" means any governmental entity of the state and includes, but is not limited to, any board, department, division, commission, bureau, society, council, institution, state college or university, community college district, technical college district, or state community college. "Agency" does not include the general assembly, the controlling board, the adjutant general's department, or any court.

(3) "Internal management rule" means any rule, regulation, bylaw, or standard governing the day-to-day staff procedures and operations within an agency.

(4) "Substantive revision" has the same meaning as in division (J) of section 119.01 of the Revised Code.

(B)(1) Any rule, other than a rule of an emergency nature, adopted by any agency pursuant to this section shall be effective on the tenth day after the day on which the rule in final form and in compliance with division (B)(3) of this section is filed as follows:

(a) The rule shall be filed in electronic form with both the secretary of state and the director of the legislative service commission;

(b) The rule shall be filed in electronic form with the joint committee on agency rule review. Division (B)(1)(b) of this

section does not apply to any rule to which division (D) of this  
section does not apply.

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An agency that adopts or amends a rule that is subject to  
division (D) of this section shall assign a review date to the  
rule that is not later than five years after its effective date.  
If no review date is assigned to a rule, or if a review date  
assigned to a rule exceeds the five-year maximum, the review date  
for the rule is five years after its effective date. A rule with a  
review date is subject to review under section 119.032 of the  
Revised Code. This paragraph does not apply to a rule of a state  
college or university, community college district, technical  
college district, or state community college.

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If all filings are not completed on the same day, the rule  
shall be effective on the tenth day after the day on which the  
latest filing is completed. If an agency in adopting a rule  
designates an effective date that is later than the effective date  
provided for by division (B)(1) of this section, the rule if filed  
as required by such division shall become effective on the later  
date designated by the agency.

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Any rule that is required to be filed under division (B)(1)  
of this section is also subject to division (D) of this section if  
not exempted by division (D)(1), (2), (3), (4), (5), (6), (7), or  
(8) of this section.

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(2) A rule of an emergency nature necessary for the immediate  
preservation of the public peace, health, or safety shall state  
the reasons for the necessity. The emergency rule, in final form  
and in compliance with division (B)(3) of this section, shall be  
filed in electronic form with the secretary of state, the director  
of the legislative service commission, and the joint committee on  
agency rule review. The emergency rule is effective immediately  
upon completion of the latest filing, except that if the agency in  
adopting the emergency rule designates an effective date, or date

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and time of day, that is later than the effective date and time  
provided for by division (B)(2) of this section, the emergency  
rule if filed as required by such division shall become effective  
at the later date, or later date and time of day, designated by  
the agency.

An emergency rule becomes invalid at the end of the ninetieth  
day it is in effect. Prior to that date, the agency may file the  
emergency rule as a nonemergency rule in compliance with division  
(B)(1) of this section. The agency may not refile the emergency  
rule in compliance with division (B)(2) of this section so that,  
upon the emergency rule becoming invalid under such division, the  
emergency rule will continue in effect without interruption for  
another ninety-day period.

(3) An agency shall file a rule under division (B)(1) or (2)  
of this section in compliance with the following standards and  
procedures:

(a) The rule shall be numbered in accordance with the  
numbering system devised by the director for the Ohio  
administrative code.

(b) The rule shall be prepared and submitted in compliance  
with the rules of the legislative service commission.

(c) The rule shall clearly state the date on which it is to  
be effective and the date on which it will expire, if known.

(d) Each rule that amends or rescinds another rule shall  
clearly refer to the rule that is amended or rescinded. Each  
amendment shall fully restate the rule as amended.

If the director of the legislative service commission or the  
director's designee gives an agency notice pursuant to section  
103.05 of the Revised Code that a rule filed by the agency is not  
in compliance with the rules of the legislative service  
commission, the agency shall within thirty days after receipt of

the notice conform the rule to the rules of the commission as 171  
directed in the notice. 172

(C) All rules filed pursuant to divisions (B)(1)(a) and (2) 173  
of this section shall be recorded by the secretary of state and 174  
the director under the title of the agency adopting the rule and 175  
shall be numbered according to the numbering system devised by the 176  
director. The secretary of state and the director shall preserve 177  
the rules in an accessible manner. Each such rule shall be a 178  
public record open to public inspection and may be transmitted to 179  
any law publishing company that wishes to reproduce it. 180

(D) At least sixty-five days before a board, commission, 181  
department, division, or bureau of the government of the state 182  
files a rule under division (B)(1) of this section, it shall file 183  
the full text of the proposed rule in electronic form with the 184  
joint committee on agency rule review, and the proposed rule is 185  
subject to legislative review and invalidation under division (I) 186  
of section 119.03 of the Revised Code. If a state board, 187  
commission, department, division, or bureau makes a substantive 188  
revision in a proposed rule after it is filed with the joint 189  
committee, the state board, commission, department, division, or 190  
bureau shall promptly file the full text of the proposed rule in 191  
its revised form in electronic form with the joint committee. The 192  
latest version of a proposed rule as filed with the joint 193  
committee supersedes each earlier version of the text of the same 194  
proposed rule. Except as provided in division (F) of this section, 195  
a state board, commission, department, division, or bureau shall 196  
also file the rule summary and fiscal analysis prepared under 197  
section 121.24 or 127.18 of the Revised Code, or both, in 198  
electronic form along with a proposed rule, and along with a 199  
proposed rule in revised form, that is filed under this division. 200

As used in this division, "commission" includes the public 201  
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utilities commission when adopting rules under a federal or state statute.	203 204
This division does not apply to any of the following:	205
(1) A proposed rule of an emergency nature;	206
(2) A rule proposed under section 1121.05, 1121.06, 1155.18, <u>1349.33</u> , 1733.412, 4123.29, 4123.34, 4123.341, 4123.342, 4123.40, 4123.411, 4123.44, or 4123.442 of the Revised Code;	207 208 209
(3) A rule proposed by an agency other than a board, commission, department, division, or bureau of the government of the state;	210 211 212
(4) A proposed internal management rule of a board, commission, department, division, or bureau of the government of the state;	213 214 215
(5) Any proposed rule that must be adopted verbatim by an agency pursuant to federal law or rule, to become effective within sixty days of adoption, in order to continue the operation of a federally reimbursed program in this state, so long as the proposed rule contains both of the following:	216 217 218 219 220
(a) A statement that it is proposed for the purpose of complying with a federal law or rule;	221 222
(b) A citation to the federal law or rule that requires verbatim compliance.	223 224
(6) An initial rule proposed by the director of health to impose safety standards, quality-of-care standards, and quality-of-care data reporting requirements with respect to a health service specified in section 3702.11 of the Revised Code, or an initial rule proposed by the director to impose quality standards on a facility listed in division (A)(4) of section 3702.30 of the Revised Code, if section 3702.12 of the Revised Code requires that the rule be adopted under this section;	225 226 227 228 229 230 231 232



(7) A rule of the state lottery commission pertaining to 233  
instant game rules. 234

If a rule is exempt from legislative review under division 235  
(D)(5) of this section, and if the federal law or rule pursuant to 236  
which the rule was adopted expires, is repealed or rescinded, or 237  
otherwise terminates, the rule is thereafter subject to 238  
legislative review under division (D) of this section. 239

(E) Whenever a state board, commission, department, division, 240  
or bureau files a proposed rule or a proposed rule in revised form 241  
under division (D) of this section, it shall also file the full 242  
text of the same proposed rule or proposed rule in revised form in 243  
electronic form with the secretary of state and the director of 244  
the legislative service commission. Except as provided in division 245  
(F) of this section, a state board, commission, department, 246  
division, or bureau shall file the rule summary and fiscal 247  
analysis prepared under section 121.24 or 127.18 of the Revised 248  
Code, or both, in electronic form along with a proposed rule or 249  
proposed rule in revised form that is filed with the secretary of 250  
state or the director of the legislative service commission. 251

(F) Except as otherwise provided in this division, the 253  
auditor of state or the auditor of state's designee is not 254  
required to file a rule summary and fiscal analysis along with a 255  
proposed rule, or proposed rule in revised form, that the auditor 256  
of state proposes under section 117.12, 117.19, 117.38, or 117.43 257  
of the Revised Code and files under division (D) or (E) of this 258  
section. If, however, the auditor of state or the designee 259  
prepares a rule summary and fiscal analysis of the original 260  
version of such a proposed rule for purposes of complying with 261  
section 121.24 of the Revised Code, the auditor of state or 262  
designee shall file the rule summary and fiscal analysis in 263  
electronic form along with the original version of the proposed 264

rule filed under division (D) or (E) of this section. 265

**Sec. 119.01.** As used in sections 119.01 to 119.13 of the 266  
Revised Code: 267

(A)(1) "Agency" means, except as limited by this division, 268  
any official, board, or commission having authority to promulgate 269  
rules or make adjudications in the civil service commission, the 270  
division of liquor control, the department of taxation, the 271  
industrial commission, the bureau of workers' compensation, the 272  
functions of any administrative or executive officer, department, 273  
division, bureau, board, or commission of the government of the 274  
state specifically made subject to sections 119.01 to 119.13 of 275  
the Revised Code, and the licensing functions of any 276  
administrative or executive officer, department, division, bureau, 277  
board, or commission of the government of the state having the 278  
authority or responsibility of issuing, suspending, revoking, or 279  
canceling licenses. 280

Except as otherwise provided in division (I) of this section, 281  
sections 119.01 to 119.13 of the Revised Code do not apply to the 282  
public utilities commission. Sections 119.01 to 119.13 of the 283  
Revised Code do not apply to the utility radiological safety 284  
board; to the controlling board; to actions of the superintendent 285  
of financial institutions and the superintendent of insurance in 286  
the taking possession of, and rehabilitation or liquidation of, 287  
the business and property of banks, savings and loan associations, 288  
savings banks, credit unions, insurance companies, associations, 289  
reciprocal fraternal benefit societies, and bond investment 290  
companies; or to any action that may be taken by the 291  
superintendent of financial institutions under section 1113.03, 292  
1121.05, 1121.06, 1121.10, 1125.09, 1125.12, 1125.18, 1155.18, 293  
1157.01, 1157.02, 1157.10, 1163.22, 1165.01, 1165.02, 1165.10, 294  
1349.33, 1733.35, 1733.361, 1733.37, 1733.412, or 1761.03 of the 295

Revised Code.	296
Sections 119.01 to 119.13 of the Revised Code do not apply to actions of the industrial commission or the bureau of workers' compensation under sections 4123.01 to 4123.94 of the Revised Code with respect to all matters of adjudication, and to the actions of the industrial commission and bureau of workers' compensation under division (D) of section 4121.32 and sections 4123.29, 4123.34, 4123.341, 4123.342, 4123.40, 4123.411, 4123.44, 4123.442, and divisions (B), (C), and (E) of section 4131.14 of the Revised Code.	297 298 299 300 301 302 303 304 305
(2) "Agency" also means any official or work unit having authority to promulgate rules or make adjudications in the department of job and family services, but only with respect to both of the following:	306 307 308 309
(a) The adoption, amendment, or rescission of rules that section 5101.09 of the Revised Code requires be adopted in accordance with this chapter;	310 311 312
(b) The issuance, suspension, revocation, or cancellation of licenses.	313 314
(B) "License" means any license, permit, certificate, commission, or charter issued by any agency. "License" does not include any arrangement whereby a person, institution, or entity furnishes medicaid services under a provider agreement with the department of job and family services pursuant to Title XIX of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C. 301, as amended.	315 316 317 318 319 320 321
(C) "Rule" means any rule, regulation, or standard, having a general and uniform operation, adopted, promulgated, and enforced by any agency under the authority of the laws governing such agency, and includes any appendix to a rule. "Rule" does not include any internal management rule of an agency unless the	322 323 324 325 326

internal management rule affects private rights and does not 327  
include any guideline adopted pursuant to section 3301.0714 of the 328  
Revised Code. 329

(D) "Adjudication" means the determination by the highest or 330  
ultimate authority of an agency of the rights, duties, privileges, 331  
benefits, or legal relationships of a specified person, but does 332  
not include the issuance of a license in response to an 333  
application with respect to which no question is raised, nor other 334  
acts of a ministerial nature. 335

(E) "Hearing" means a public hearing by any agency in 336  
compliance with procedural safeguards afforded by sections 119.01 337  
to 119.13 of the Revised Code. 338

(F) "Person" means a person, firm, corporation, association, 339  
or partnership. 340

(G) "Party" means the person whose interests are the subject 341  
of an adjudication by an agency. 342

(H) "Appeal" means the procedure by which a person, aggrieved 343  
by a finding, decision, order, or adjudication of any agency, 344  
invokes the jurisdiction of a court. 345

(I) "Rule-making agency" means any board, commission, 346  
department, division, or bureau of the government of the state 347  
that is required to file proposed rules, amendments, or 348  
rescissions under division (D) of section 111.15 of the Revised 349  
Code and any agency that is required to file proposed rules, 350  
amendments, or rescissions under divisions (B) and (H) of section 351  
119.03 of the Revised Code. "Rule-making agency" includes the 352  
public utilities commission. "Rule-making agency" does not include 353  
any state-supported college or university. 354

(J) "Substantive revision" means any addition to, elimination 355  
from, or other change in a rule, an amendment of a rule, or a 356  
rescission of a rule, whether of a substantive or procedural 357

nature, that changes any of the following: 358

(1) That which the rule, amendment, or rescission permits, 359  
authorizes, regulates, requires, prohibits, penalizes, rewards, or 360  
otherwise affects; 361

(2) The scope or application of the rule, amendment, or 362  
rescission. 363

(K) "Internal management rule" means any rule, regulation, or 364  
standard governing the day-to-day staff procedures and operations 365  
within an agency. 366

**Sec. 121.24.** (A) As used in this section: 367

(1) "Agency" means any agency as defined in division (A)(2) 368  
of section 111.15 or division (A) of section 119.01 of the Revised 369  
Code. 370

(2) "Employee" means a person who is employed by a small 371  
business or small organization for at least one thousand eight 372  
hundred hours per year. 373

(3) A rule is "filed in final form" when it is filed with the 374  
secretary of state, the director of the legislative service 375  
commission, and the joint committee on agency rule review under 376  
division (B)(1) of section 111.15, division (A)(1) of section 377  
119.04, division (B)(1) of section 4141.14, or division (A) of 378  
section 5703.14 of the Revised Code. 379

(4) "History trail" means the supplementary information 380  
required to be provided on each copy of a proposed rule, which 381  
information is not part of the text of the rule, and sets forth 382  
the statute prescribing the procedure in accordance with which the 383  
proposed rule is required to be adopted, the statute that 384  
authorizes the agency to adopt the proposed rule, the statute that 385  
the agency intends to amplify or implement by adopting the 386  
proposed rule, the effective dates of any previous versions of the 387

rule that is the subject of the proposal, and other similar 388  
information as prescribed in rules of the legislative service 389  
commission. 390

(5) "Individual" means any individual who is affected by a 391  
rule in the individual's capacity as an officer or employee of a 392  
small business or small organization. 393

(6) "Rule summary and fiscal analysis" means a rule summary 394  
and fiscal analysis of a proposed rule that provides the 395  
information required by division (B) of section 127.18 of the 396  
Revised Code, and that has been prepared in the form prescribed by 397  
the joint committee on agency rule review under division (E) of 398  
that section. 399

(7) "Rate" means any rate, classification, fare, toll, 400  
rental, or charge of a public utility. 401

(8) "Rule" means any rule, regulation, or standard having a 402  
general and uniform operation, including any appendix thereto, 403  
that is adopted, promulgated, and enforced by an agency under the 404  
authority of the laws governing the agency. "Rule" includes the 405  
adoption of a new rule or the amendment or rescission of an 406  
existing rule. "Rule" does not include any of the following: 407

(a) A rule proposed under section 1121.05, 1121.06, 1155.18, 408  
~~or~~ 1163.22, or 1349.33 of the Revised Code; 409

(b) A rule governing the internal management of an agency 410  
that does not affect private rights; 411

(c) A rule authorized by law to be issued as a temporary 412  
written order; 413

(d) Except as otherwise provided in division (A)(8)(d) of 414  
this section, a rule or order, whether of a quasi-legislative or 415  
quasi-judicial nature, proposed by the public utilities 416  
commission. Any rule or order, whether of a quasi-legislative or 417  
quasi-judicial nature, proposed by the public utilities commission 418

that determines a rate of a public utility to be just and 419  
reasonable is a "rule" for purposes of this section, unless the 420  
rule or order contains findings that the public utility, in 421  
applying for approval of the rate under section 4909.18 of the 422  
Revised Code, stated facts and grounds sufficient for the 423  
commission to determine that the proposed rate was just and 424  
reasonable. 425

(e) A proposed rule, the adoption of which is mandated by a 426  
federal law or rule, and which must be adopted substantially as 427  
prescribed by federal law or rule, to become effective within one 428  
hundred twenty days of adoption, so long as the history trail of 429  
the proposed rule contains a statement that it is proposed for the 430  
purpose of complying with a federal law or rule and a citation to 431  
the federal law or rule that mandates substantial compliance; 432

(9) "Small business" means an independently owned and 433  
operated business having fewer than four hundred employees. 434

(10) "Small organization" means an unincorporated 435  
association, sheltered workshop, or nonprofit enterprise having 436  
fewer than four hundred employees. This definition is not limited 437  
to the types of small organizations expressly mentioned, and 438  
includes all other types of small organizations, so long as such 439  
organizations have fewer than four hundred employees. 440

(B) If an agency intends to adopt a rule, and reasonably 441  
believes that the proposed rule, if adopted, will be likely to 442  
affect individuals, small businesses, or small organizations, the 443  
agency shall comply with the following procedure in adopting the 444  
rule, in addition to any other procedure required by section 445  
111.15, 119.03, 119.032, 119.04, 127.18, 4141.14, or 5117.02 of 446  
the Revised Code or any other statute of this state: 447

(1) The agency shall prepare a complete and accurate rule 448  
summary and fiscal analysis of the original version of the 449

proposed rule. 450

(2) After complying with division (B)(1) of this section, and 451  
at least sixty days before the agency files the proposed rule in 452  
final form, the agency shall file with the office of small 453  
business, in electronic form, the full text of the original 454  
version of the proposed rule and the rule summary and fiscal 455  
analysis of such proposed rule. 456

(3) During a period commencing on the date the original 457  
version of the proposed rule is filed pursuant to division (B)(2) 458  
of this section and ending forty days thereafter: 459

(a) The chairperson of the standing committee of the senate 460  
or house of representatives having jurisdiction over individuals, 461  
small businesses, or small organizations, or any other person 462  
having an interest in the proposed rule, may submit comments in 463  
electronic form to the agency, to the joint committee on agency 464  
rule review, or to both, concerning the expected effect of the 465  
proposed rule, if adopted, upon individuals, small businesses, and 466  
small organizations. The agency and joint committee shall accept 467  
all such timely submitted written comments. 468

(b) The chairperson of the standing committee of the senate 469  
or house of representatives having jurisdiction over individuals, 470  
small businesses, or small organizations, in electronic form, may 471  
request the agency to appear before the committee and testify, 472  
answer questions asked by members of the committee, and produce 473  
information in the possession of the agency as requested by the 474  
committee, concerning the expected effect of the proposed rule, if 475  
adopted, upon individuals, small businesses, or small 476  
organizations. Upon receipt of a request from the chairperson of 477  
the appropriate standing committee of the senate or house of 478  
representatives under division (B)(3)(b) of this section, the 479  
agency shall designate an officer or employee of the agency to 480  
appear before the committee, and shall otherwise comply with the 481



request, in the manner directed by the request. 482

(4) The agency shall not proceed to file the proposed rule in 483  
final form until it has considered any comments timely submitted 484  
to it under division (B)(3)(a) of this section, has identified the 485  
issues raised by the comments, has assessed the proposed rule in 486  
light of the issues raised by the comments, and has made such 487  
revisions in the proposed rule as it considers advisable in light 488  
of its assessment. 489

An agency is not required to put any revised version of a 490  
proposed rule through the procedure of divisions (B)(1) to (4) of 491  
this section. 492

(C) Any original version of a proposed rule, rule summary and 493  
fiscal analysis, or written comment filed or submitted under 494  
division (B) of this section shall be preserved by the agency with 495  
which it is filed or to which it is submitted, and is a public 496  
record open to public inspection. 497

(D) Each agency shall prepare a plan that provides for the 498  
periodic review, at least once every five years, of each rule of 499  
the agency that is not otherwise subject to review under section 500  
119.032 of the Revised Code and that affects individuals, small 501  
businesses, or small organizations. The purpose of each periodic 502  
review shall be to determine whether the rule that is being 503  
reviewed should be continued without change or amended or 504  
rescinded, consistent with the purpose, scope, and intent of the 505  
applicable statute authorizing adoption of the rule, so as to 506  
minimize the economic impact of the rule upon individuals, small 507  
businesses, or small organizations. Accordingly, in making each 508  
periodic review of a rule, the agency shall consider the continued 509  
need for the rule, the nature of any written complaints or 510  
comments that the agency has received with regard to the rule, the 511  
extent to which the rule duplicates, overlaps, or conflicts with 512  
other currently effective rules, and the degree to which 513

technology, economic conditions, and other relevant factors have 514  
changed in the area affected by the rule. 515

Each agency shall annually report to the governor and general 516  
assembly, with regard to each of its rules that have been reviewed 517  
under this division during the preceding calendar year, the title 518  
and administrative code rule number of the rule, a brief summary 519  
of the content and operation of the rule, and a brief summary of 520  
the results of the review. If the agency is otherwise required to 521  
make an annual report to the governor and general assembly, the 522  
agency shall report this information in an appropriately 523  
designated section of its annual report, whether its annual report 524  
is in print or electronic form or both. If, however, the agency is 525  
not otherwise required to make an annual report to the governor 526  
and general assembly, the agency, on or before the first day of 527  
February, shall report this information in a separate report, in 528  
electronic form, to the governor and general assembly. In addition 529  
to the submissions required by section 101.68 of the Revised Code, 530  
and in addition to any requirement of that section to submit 531  
notice of the availability of a report instead of copies of the 532  
report, the agency shall submit its annual or separate report in 533  
electronic form, which provides the information required by this 534  
division, to the chairpersons of the standing committees of the 535  
senate and house of representatives having jurisdiction over 536  
individuals, small businesses, and small organizations. 537

Each agency having rules in effect on January 1, 1985, that 538  
affect individuals, small businesses, or small organizations shall 539  
divide those rules into groups, so that at least one-fifth of 540  
those rules are reviewed during each year of a five-year period 541  
commencing on January 1, 1985. A rule that is newly adopted after 542  
January 1, 1985, shall be reviewed five years after its effective 543  
date. When a rule has once been reviewed, it shall thereafter be 544  
reviewed again at five-year intervals. 545

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(E) Each agency shall designate an individual or office within the agency to be responsible for complying with this division. Each individual or office that has been so designated shall, within ten days after receiving a request therefor from any person:

(1) Provide the person with copies of any rule proposed by the agency that would affect individuals, small businesses, or small organizations;

(2) Provide the person with copies of the rule summary and fiscal analysis of any rule proposed by the agency that would affect individuals, small businesses, or small organizations; or

(3) Find, collate, and make available to the person any information in the possession of the agency regarding a rule proposed by the agency, which information would be of interest to individuals, small businesses, or small organizations.

The agency shall inform the office of small business in writing of the name, address, and telephone number of each individual or office designated under this division. The agency shall promptly inform the office of small business in writing of any change in the information thus provided.

(F) Division (B) of this section does not apply to any emergency rule adopted under division (B)(2) of section 111.15 or division (F) of section 119.03 of the Revised Code, except that the emergency rule becomes subject to such division when it is adopted pursuant to the procedure of section 111.15 or 119.03 of the Revised Code for the adoption of rules not of an emergency nature.

(G) The department of taxation shall provide a copy of the full text of any rule proposed by the department that may affect any business in electronic form to the office of small business, and the department shall designate an office within the agency

responsible for providing a copy of any such rule within ten days  
of receiving a request from any person.

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**Sec. 1322.062.** (A)(1) Within three business days after taking  
an application for a loan from a buyer, a registrant shall deliver  
to the buyer a mortgage loan origination disclosure statement that  
contains all of the following:

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~~(1)~~(a) The name, address, and telephone number of the buyer;

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~~(2)~~(b) The typewritten name of the loan officer and the  
number designated on the loan officer's license;

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~~(3)~~(c) The street address, telephone number, and facsimile  
number of the registrant and the number designated on the  
registrant's certificate of registration;

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~~(4)~~(d) The signature of the loan officer or registrant;

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~~(5)~~(e) A statement indicating whether the buyer is to pay for  
the services of a bona fide third party if the registrant is  
unable to assist the buyer in obtaining a mortgage;

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~~(6)~~(f) A statement that describes the method by which the fee  
to be paid by the buyer to the registrant will be calculated;

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~~(7)~~(g) A statement that the lender may pay compensation to  
the registrant;

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~~(8)~~(h) A description of all the services the registrant has  
agreed to perform for the buyer;

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~~(9)~~(i) A statement that the buyer has not entered into an  
exclusive agreement for brokerage services.

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(2) If the loan is a covered loan as defined in section  
1349.25 of the Revised Code, the registrant shall also deliver a  
copy of the mortgage loan origination disclosure statement to the  
lender.

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(B) If there is any change in the information provided under 605  
division (A)~~(6)~~(1)(f) or ~~(8)~~(h) of this section, the registrant 606  
shall provide the buyer with the revised mortgage loan origination 607  
disclosure statement no later than three days after the change 608  
occurs, or the date the loan is closed, whichever is earlier. 609

(C) No registrant shall fail to comply with this section. 610

Sec. 1349.25. As used in sections 1349.25 to 1349.37 of the 611  
Revised Code: 612

(A) "Actuarial method" means the method of allocating 613  
payments made on a debt between the amount financed and the 614  
finance charge pursuant to which a payment is applied first to the 615  
accumulated finance charge and any remainder is subtracted from, 616  
or any deficiency is added to, the unpaid balance of the amount 617  
financed. 618

(B) "Consumer" means a natural person to whom credit is 619  
offered or extended primarily for personal, family, or household 620  
purposes. 621

(C) "Consummation" means the time that a consumer becomes 622  
contractually obligated on a credit transaction. 623

(D) "Covered loan" means a consumer credit mortgage loan 624  
transaction that meets both of the following criteria: 625

(1) The loan involves property located within this state. 626

(2) The loan is considered a mortgage under section 152(a) of 627  
the "Home Ownership and Equity Protection Act of 1994," 108 Stat. 628  
2190, 15 U.S.C.A. 1602(aa), as amended, and the regulations 629  
adopted thereunder by the federal reserve board, as amended. 630

(E) "Credit" means the right granted by a creditor to a 631  
debtor to defer payment of debt or to incur debt and defer its 632  
payment. 633

(F) "Creditor" has the same meaning as in section 152(c) of the "Home Ownership and Equity Protection Act of 1994," 108 Stat. 2190, 15 U.S.C.A. 1602(f), as amended, and the regulations adopted thereunder by the federal reserve board, as amended. 634  
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(G) "Person" means a natural person, partnership, association, trust, corporation, or any other legal entity. 638  
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**Sec. 1349.26.** (A) A creditor shall provide, for each covered loan, both of the following disclosures. The disclosures shall be in conspicuous type size and be in substantially the following form: 640  
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(1) "You are not required to complete this agreement merely because you have received these disclosures or have signed a loan application." 644  
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(2) "If you obtain this loan, the lender will have a mortgage on your home. You could lose your home, and any money you have put into it, if you do not meet your obligations under the loan." 647  
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(B) In addition to the disclosures required under division (A) of this section, a creditor shall disclose, for each covered loan, either of the following: 651  
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(1) In the case of a credit transaction with a fixed rate of interest, the annual percentage rate, the amount of the regular monthly payment, and the amount of any balloon payment; 654  
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(2) In the case of any other credit transaction, the annual percentage rate of the loan, the amount of the regular monthly payment, a statement that the interest rate and monthly payment may increase, and the amount of the maximum monthly payment, based on the maximum interest rate allowed pursuant to 12 U.S.C.A. 3806. 657  
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(C) With respect to any mortgage that is refinanced on or after October 1, 2002, the creditor shall also disclose the total 662  
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amount the consumer will borrow, as reflected by the face amount  
of the note. If the amount borrowed includes premiums or other  
charges for optional credit insurance or debt-cancellation  
coverage, that fact shall be stated, grouped together with the  
disclosure of the amount borrowed. The disclosure of the amount  
borrowed shall be treated as accurate if it is not more than one  
hundred dollars above or below the amount required to be  
disclosed.

(D)(1) Subject to division (D)(2) of this section, each  
creditor shall provide the disclosures required under this section  
not less than three business days prior to consummation of the  
transaction. After providing those disclosures, a creditor shall  
not change the terms of the extension of credit if such changes  
make the disclosures inaccurate, unless new disclosures are  
provided in accordance with this section. A creditor may provide  
such new disclosures by telephone, if both of the following  
requirements are met:

(a) The change is initiated by the consumer.

(b) At the consummation of the loan transaction, the creditor  
provides to the consumer the new disclosures in writing and the  
creditor and consumer certify in writing that, not later than  
three days prior to the date of consummation of the transaction,  
the new disclosures were provided by telephone.

(2) A consumer may, after receiving the disclosures required  
under this section, modify or waive the three-day waiting period  
between delivery of those disclosures and consummation of the loan  
transaction, if the consumer determines that the extension of  
credit is needed to meet a bona fide personal financial emergency.  
To modify or waive the right, the consumer shall give the creditor  
a dated written statement that describes the emergency,  
specifically modifies or waives the waiting period, and bears the  
signature of all of the consumers entitled to the waiting period.

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(E) Compliance with sections 226.31(c)(1) and 226.32(c) of 697  
Title 12 of the Code of Federal Regulations, as amended, shall be 698  
deemed compliance with this section. 699

**Sec. 1349.27.** A creditor shall not do any of the following: 700

(A) Make a covered loan that includes any of the following: 701

(1) Terms under which a consumer must pay a prepayment 702  
penalty for paying all or part of the principal before the date on 703  
which the principal is due. For purposes of division (A)(1) of 704  
this section, any method of computing a refund of unearned 705  
scheduled interest is a prepayment penalty if it is less favorable 706  
to the consumer than the actuarial method. 707

Division (A)(1) of this section does not apply to a 708  
prepayment penalty imposed in accordance with section 129(c)(2) of 709  
the "Home Ownership and Equity Protection Act of 1994," 108 Stat. 710  
2190, 15 U.S.C.A. 1639(c)(2), as amended, and the regulations 711  
adopted thereunder by the federal reserve board, as amended. 712

(2) Terms under which the outstanding principal balance will 713  
increase at any time over the course of the loan because the 714  
regular periodic payments do not cover the full amount of interest 715  
due; 716

(3) Terms under which more than two periodic payments 717  
required under the loan are consolidated and paid in advance from 718  
the loan proceeds provided to the consumer; 719

(4) Terms under which a rebate of interest arising from a 720  
loan acceleration due to default is calculated by a method less 721  
favorable than the actuarial method. 722

(B) Make a covered loan that provides for an interest rate 723  
applicable after default that is higher than the interest rate 724  
that applies before default; 725



(C) Make a covered loan having a term of less than five years that includes terms under which the aggregate amount of the regular periodic payments would not fully amortize the outstanding principal balance. This division does not apply to any covered loan with a maturity of less than one year, if the purpose of the loan is a "bridge" loan connected with the acquisition or construction of a dwelling intended to become the consumer's principal dwelling. 726  
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(D) Engage in a pattern or practice of extending credit to consumers under covered loans based on the consumers' collateral without regard to the consumers' repayment ability, including the consumers' current and expected income, current obligations, and employment; 734  
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(E) Make a payment to a contractor under a home improvement contract from amounts extended as credit under a covered loan, except in either of the following ways: 739  
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(1) By an instrument that is payable to the consumer or jointly to the consumer and the contractor; 742  
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(2) At the election of the consumer, by a third party escrow agent in accordance with terms established in a written agreement signed by the consumer, the creditor, and the contractor before the date of payment. 744  
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(F) On or after October 1, 2002, make a covered loan that includes a demand feature that permits the creditor to terminate the loan in advance of the original maturity date and to demand repayment of the entire outstanding balance, except in any of the following circumstances: 748  
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(1) There is fraud or material misrepresentation by the consumer in connection with the loan. 753  
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(2) The consumer fails to meet the repayment terms of the agreement for any outstanding balance. 755  
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(3) There is any action or inaction by the consumer that 757  
adversely affects the creditor's security for the loan or any 758  
right of the creditor in that security. 759

(G)(1) Within one year after having made a covered loan, 760  
refinance a covered loan to the same borrower into another covered 761  
loan, unless the refinancing is in the consumer's interest. An 762  
assignee holding or servicing a covered loan shall not, for the 763  
remainder of the one-year period following the date of origination 764  
of the covered loan, refinance any covered loan to the same 765  
consumer into another covered loan, unless the refinancing is in 766  
the consumer's interest. 767

A creditor or assignee shall not engage in acts or practices 768  
to evade division (G)(1) of this section, including a pattern or 769  
practice of arranging for the refinancing of its own loans by 770  
affiliated or unaffiliated creditors, or modifying a loan 771  
agreement, whether or not the existing loan is satisfied and 772  
replaced by the new loan, and charging a fee. 773

(2) Division (G)(1) of this section shall apply on and after 774  
October 1, 2002. 775

(H) Make a covered loan without first obtaining a copy of the 776  
mortgage loan origination disclosure statement that was delivered 777  
to the buyer in accordance with division (A)(1) of section 778  
1322.062 of the Revised Code; 779

(I) Finance, directly or indirectly, into a covered loan or 780  
finance to the same borrower within thirty days of a covered loan 781  
any credit life or credit disability insurance premiums sold in 782  
connection with the covered loan, provided that any credit life or 783  
credit disability insurance premiums calculated and paid on a 784  
monthly or other periodic basis shall not be considered financed 785  
by the person originating the loan. For purposes of this division, 786  
credit life or credit disability insurance does not include a 787

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contract issued by a government agency or private mortgage 788  
insurance company to insure the lender against loss caused by a 789  
mortgagor's default. 790

(J) Replace or consolidate a zero interest rate or other 791  
low-rate loan made by a governmental or nonprofit lender with a 792  
covered loan within the first ten years of the low-rate loan 793  
unless the current holder of the loan consents in writing to the 794  
refinancing. For purposes of this division, a "low-rate loan" 795  
means a loan that carries a current interest rate two percentage 796  
points or more below the current yield on United States treasury 797  
securities with a comparable maturity. If the loan's current 798  
interest rate is either a discounted introductory rate or a rate 799  
that automatically steps up over time, the fully indexed rate or 800  
the fully stepped-up rate, as applicable, shall be used, in lieu 801  
of the current rate, to determine whether a loan is a low-rate 802  
loan. 803

**Sec. 1349.29.** If a covered loan transaction includes any term 804  
prohibited by section 1349.27 of the Revised Code, the consumer 805  
shall have the right to rescind the transaction in accordance with 806  
section 129(j) of the "Home Ownership and Equity Protection Act of 807  
1994," 108 Stat. 2190, 15 U.S.C.A. 1639(j), as amended, and the 808  
regulations adopted thereunder by the federal reserve board, as 809  
amended. 810

**Sec. 1349.30.** (A) A person has no liability under section 811  
1349.31 of the Revised Code, and shall not be subject to any 812  
sanction by the superintendent of financial institutions, for any 813  
failure to comply with section 1349.26 or 1349.27 of the Revised 814  
Code, if within sixty days after discovering the error, whether 815  
pursuant to the person's own procedures or an examination or 816  
investigation by the superintendent under division (A) or (B) of 817  
section 1349.34 of the Revised Code, and prior to the initiation 818

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of any action by the superintendent under divisions (C) to (F) of  
section 1349.34 of the Revised Code or the receipt of written  
notice of the error from the consumer, the person notifies the  
consumer or other person concerned of the error and makes whatever  
adjustments in the appropriate account are necessary to assure  
that the consumer will not be required to pay an amount in excess  
of the charge actually disclosed, or the dollar equivalent of the  
annual percentage rate actually disclosed, whichever is lower.

(B) A creditor or assignee shall not be held liable in any  
action brought under section 1349.29 of the Revised Code, if the  
creditor or assignee shows by a preponderance of evidence that the  
compliance failure was not intentional and resulted from a bona  
fide error notwithstanding the maintenance of procedures  
reasonably adapted to avoid any such error. For purposes of this  
division, "bona fide error" includes, but is not limited to,  
clerical, calculation, computer malfunction and programming, and  
printing errors. "Bona fide error" does not include an error of  
legal judgment with respect to a person's obligations under  
sections 1349.25 to 1349.36 of the Revised Code.

**Sec. 1349.31.** (A)(1) No creditor shall willfully and  
knowingly fail to comply with section 1349.26 or 1349.27 of the  
Revised Code. For purposes of division (A)(1) of this section,  
"willfully and knowingly" has the same meaning as in section 112  
of the "Truth in Lending Act," 82 Stat. 146 (1968), 15 U.S.C.A.  
1611, as amended.

(2) Whoever violates division (A)(1) of this section is  
guilty of a felony of the fifth degree.

(B) The superintendent of financial institutions may initiate  
criminal proceedings under this section by presenting any evidence  
of criminal violations to the prosecuting attorney of the county  
in which the offense may be prosecuted. If the prosecuting

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attorney does not prosecute the violations, or at the request of 850  
the prosecuting attorney, the superintendent shall present any 851  
evidence of criminal violations to the attorney general, who may 852  
proceed in the prosecution with all the rights, privileges, and 853  
powers conferred by law on prosecuting attorneys, including the 854  
power to appear before grand juries and to interrogate witnesses 855  
before such grand juries. These powers of the attorney general 856  
shall be in addition to any other applicable powers of the 857  
attorney general. 858

**Sec. 1349.32.** The purpose of sections 1349.25 to 1349.36 of 859  
the Revised Code is to bring Ohio law into conformance with the 860  
"Home Ownership and Equity Protection Act of 1994," 108 Stat. 861  
2190, 15 U.S.C.A. 1601 note, as amended, and the regulations and 862  
interpretations adopted thereunder by the federal reserve board, 863  
in order to facilitate the uniform administration and enforcement 864  
of state and federal laws on the regulation of certain high cost 865  
mortgages. 866

In furtherance of that purpose, the regulations and 867  
interpretations adopted by the federal reserve board to implement 868  
the "Home Ownership and Equity Protection Act of 1994," which 869  
regulations and interpretations are effective as of the effective 870  
date of this section, are hereby deemed applicable to sections 871  
1349.25 to 1349.36 of the Revised Code. Such regulations and 872  
interpretations include the amendment of sections 226.32 and 873  
226.34 of Title 12 of the Code of Federal Regulations, which 874  
amendment was approved by the federal reserve board on December 875  
12, 2001, and takes effect October 1, 2002. 876

**Sec. 1349.33.** (A) Notwithstanding any provision of sections 877  
1349.25 to 1349.36 of the Revised Code, or any rule adopted 878  
thereunder, if the "Home Ownership and Equity Protection Act of 879  
1994," 108 Stat. 2190, 15 U.S.C.A. 1601 note, as amended, or any 880

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regulation adopted thereunder by the federal reserve board, as 881  
amended, is amended or otherwise modified after the effective date 882  
of this section, the superintendent of financial institutions may 883  
by rule adopt similar provisions. If an amendment or other 884  
modification to the "Home Ownership and Equity Protection Act of 885  
1994" requires the adoption of implementing regulations by the 886  
federal reserve board, the superintendent shall not adopt any rule 887  
under the authority of this section until those regulations are 888  
adopted. 889

(B) The superintendent shall adopt the rules authorized by 890  
division (A) of this section in accordance with section 111.15 of 891  
the Revised Code. Chapter 119. of the Revised Code does not apply 892  
to rules adopted under the authority of this section. 893

(C) A rule adopted by the superintendent under the authority 894  
of this section is effective on the later of the following dates: 895

(1) The date the superintendent issues the rule; 896

(2) The date the regulation, rule, interpretation, procedure, 897  
or guideline the superintendent's rule is based on becomes 898  
effective. 899

(D) The superintendent may, upon thirty days' written notice, 900  
revoke any rule adopted under the authority of this section. A 901  
rule adopted under the authority of this section, and not revoked 902  
by the superintendent, lapses and has no further force and effect 903  
thirty months after its effective date. 904

**Sec. 1349.34.** (A) As often as the superintendent of financial 905  
institutions considers it necessary, the superintendent may 906  
examine a person's records regarding covered loans. The 907  
superintendent may recover from the person any costs incurred in 908  
connection with and reasonably related to the examination. 909

(B) The superintendent may investigate alleged failures to 910

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comply with sections 1349.25 to 1349.36 of the Revised Code, or 911  
any rule adopted thereunder, or complaints concerning any such 912  
failure to comply. In conducting any investigation under this 913  
section, the superintendent may compel, by subpoena, witnesses to 914  
testify in relation to any matter over which the superintendent 915  
has jurisdiction and may require the production of any book, 916  
record, or other document pertaining to that matter. If a person 917  
fails to file any statement or report, obey any subpoena, give 918  
testimony, produce any book, record, or other document as required 919  
by a subpoena, or permit photocopying of any book, record, or 920  
other document subpoenaed, the court of common pleas of any county 921  
in this state, upon application made to it by the superintendent, 922  
shall compel obedience by attachment proceedings for contempt, as 923  
in the case of disobedience of the requirements of a subpoena 924  
issued from the court or a refusal to testify therein. 925

(C) Whenever it appears to the superintendent that a person 926  
has engaged in, is engaging in, or is about to engage in, any 927  
activity constituting a failure to comply with section 1349.26 or 928  
1349.27 of the Revised Code, the superintendent may make 929  
application to the court of common pleas of any county in this 930  
state for an order enjoining any such activity. Upon a showing by 931  
the superintendent that a person has engaged in, is engaging in, 932  
or is about to engage in, any activity constituting a failure to 933  
comply with section 1349.26 or 1349.27 of the Revised Code, the 934  
court shall grant an injunction, restraining order, or other 935  
appropriate relief. 936

(D) Whenever it appears to the superintendent that a person 937  
has engaged in, is engaging in, or is about to engage in, any 938  
activity that may constitute a failure to comply with section 939  
1349.26 or 1349.27 of the Revised Code, the superintendent, after 940  
notice and a hearing conducted in accordance with Chapter 119. of 941  
the Revised Code, may issue a cease and desist order. Such an 942

order shall be enforceable in any court of common pleas in this 943  
state. 944

(E) If a person that fails to comply with section 1349.26 or 945  
1349.27 of the Revised Code is licensed, registered, or chartered 946  
by, or otherwise operates under the authority of, the 947  
superintendent, the superintendent may, in accordance with Chapter 948  
119. of the Revised Code, suspend, revoke, or deny the renewal of 949  
such license, registration, charter, or other authority. 950

(F) If a person fails to comply with section 1349.26 or 951  
1349.27 of the Revised Code, the superintendent may, in accordance 952  
with Chapter 119. of the Revised Code, impose a fine of not more 953  
than two thousand five hundred dollars per compliance failure. If 954  
the person fails to comply two or more times, the superintendent 955  
may, in accordance with Chapter 119. of the Revised Code, impose a 956  
fine of not more than five thousand dollars per compliance 957  
failure. If the person injured by the failure to comply is 958  
sixty-five years of age or older, the superintendent may double 959  
the amount of the fine. 960

An order to pay a fine pursuant to this division shall be 961  
enforceable in any court of common pleas in this state. All fines 962  
collected under this division shall be paid to the superintendent 963  
and shall be deposited by the superintendent into the state 964  
treasury to the credit of the consumer finance fund created under 965  
section 1321.21 of the Revised Code. 966

In determining the amount of a fine to be imposed under this 967  
division, the superintendent shall consider all of the following: 968

(1) The seriousness of the conduct; 969

(2) The person's good faith efforts to prevent the conduct; 970

(3) The person's history regarding violations and compliance 971  
with the superintendent's orders; 972



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<u>(4) The person's financial resources;</u>	973
<u>(5) Any other matter the superintendent considers appropriate</u>	974
<u>in enforcing sections 1349.26 and 1349.27 of the Revised Code.</u>	975
	976
<u>The superintendent shall not impose a fine under this</u>	977
<u>division if the superintendent has imposed or will impose a fine</u>	978
<u>under another provision of the Revised Code for the same conduct.</u>	979
<u>(G)(1) The superintendent may take any of the actions set</u>	980
<u>forth in this section with respect to any person other than a</u>	981
<u>federally chartered financial institution or its operating</u>	982
<u>subsidiaries. Whenever it appears to the superintendent that a</u>	983
<u>federally chartered financial institution or its operating</u>	984
<u>subsidiary has engaged in, is engaging in, or is about to engage</u>	985
<u>in, any activity that may constitute a failure to comply with</u>	986
<u>section 1349.26 or 1349.27 of the Revised Code, the superintendent</u>	987
<u>may present any evidence of such activity to the institution's</u>	988
<u>appropriate federal regulatory authority, along with any</u>	989
<u>recommendations regarding the imposition of specific sanctions.</u>	990
<u>(2) Any action taken by the superintendent under this section</u>	991
<u>shall be commenced within three years after the alleged compliance</u>	992
<u>failure.</u>	993
<u>(H) The remedies available to the superintendent under this</u>	994
<u>section are cumulative and concurrent, and the exercise of one</u>	995
<u>remedy by the superintendent does not preclude or require the</u>	996
<u>exercise of any other remedy.</u>	997
<u>(I) The remedies available to the superintendent under this</u>	998
<u>section or to the appropriate federal regulatory authority, the</u>	999
<u>right of rescission described in section 1349.29 of the Revised</u>	1000
<u>Code, and the criminal penalty provided in section 1349.31 of the</u>	1001
<u>Revised Code shall constitute the sole and exclusive remedies for</u>	1002
<u>any failure to comply with section 1349.26 or 1349.27 of the</u>	1003

Revised Code. 1004

Sec. 1349.35. The superintendent of financial institutions shall include, as part of the annual report required by section 1181.09 of the Revised Code, the number of complaints received, the number of enforcement actions taken, and any other relevant data regarding covered loans. 1005  
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Sec. 1349.36. The superintendent of financial institutions may, in accordance with Chapter 119. of the Revised Code, adopt reasonable rules to administer and enforce sections 1349.25 to 1349.35 of the Revised Code and to carry out the purpose of those sections as stated in section 1349.32 of the Revised Code. 1010  
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Sec. 1349.37. There is hereby created in the division of financial institutions the office of consumer affairs. The responsibilities of the office shall, at a minimum, include all of the following: 1015  
1016  
1017  
1018

(A) Providing education to residents of this state regarding borrowing and related financial topics; 1019  
1020

(B) Providing referrals to credit counseling services; 1021

(C) Receiving complaints regarding alleged failures to comply with section 1349.26 or 1349.27 of the Revised Code; 1022  
1023

(D) Contacting the persons that are the subject of such complaints, on behalf of the consumers; 1024  
1025

(E) Referring matters to the superintendent of financial institutions for action under section 1349.34 of the Revised Code. 1026  
1027

**Section 2.** That existing sections 111.15, 119.01, 121.24, and 1322.062 of the Revised Code are hereby repealed. 1028  
1029

**Section 3.** (A) The provisions of the Revised Code, including, 1030

but not limited to, Titles XI, XIII, XVII, and XLVII, relating to 1031  
the origination, granting, servicing, and collection of loans and 1032  
other forms of credit prescribe rules of conduct upon citizens 1033  
generally, comprise a comprehensive regulatory framework intended 1034  
to operate uniformly throughout the state under the same 1035  
circumstances and conditions, and constitute general laws within 1036  
the meaning of Section 3 of Article XVIII of the Ohio 1037  
Constitution. 1038

(B) The provisions of the Revised Code, including, but not 1039  
limited to, Titles XI, XIII, XVII, and XLVII, relating to the 1040  
origination, granting, servicing, and collection of loans and 1041  
other forms of credit have been enacted in furtherance of the 1042  
police powers of the state. 1043

(C) Silence in the Revised Code, including, but not limited 1044  
to, Titles XI, XIII, XVII, and XLVII, with respect to any act or 1045  
practice in the origination, granting, servicing, or collection of 1046  
loans or other forms of credit shall not be interpreted to mean 1047  
that the state has not completely occupied the field or has only 1048  
set minimum standards in its regulation of lending and other 1049  
credit activities. 1050

(D) It is the intent of the General Assembly to entirely 1051  
preempt municipal corporations and other political subdivisions 1052  
from the regulation and licensing of lending and other credit 1053  
activities. 1054

**Section 4.** (A) The enactment of section 1.63 of the Revised 1055  
Code by this act is intended as a clarification of existing law 1056  
and not as a substantive change in the law. 1057

(B) The enactment of section 1.63 of the Revised Code by this 1058  
act expresses the legislative intent of the General Assembly 1059  
currently and at the time of the original enactment of the 1060  
provisions of the Revised Code, including, but not limited to, 1061

## As Reported by the Senate Finance and Financial Institutions Committee

Titles XI, XIII, XVII, and XLVII, relating to the origination, 1062  
granting, servicing, and collection of loans and other forms of 1063  
credit. 1064

**Section 5.** (A) There is hereby created the Predatory Lending 1065  
Study Committee, which shall conduct a thorough investigation of 1066  
the impact of predatory lending practices on the citizens and 1067  
communities of Ohio. These predatory lending practices include, 1068  
but are not limited to, loan flipping, balloon payments, 1069  
origination fees, prepayment penalties, single premium credit 1070  
insurance, packing unnecessary insurance coverages, lending 1071  
without due regard to ability to pay, lending without due regard 1072  
to tangible benefits to consumers, payments to home improvement 1073  
contractors, foreclosure rates, appropriateness of subprime loans 1074  
for customer populations, collusion among occupations related to 1075  
real estate loans, and equity stripping. As part of its 1076  
investigation, the Study Committee shall identify and evaluate 1077  
current state and federal laws, rules, and regulations that 1078  
address fraud, misrepresentation, and other deceptive practices in 1079  
mortgage lending or origination. The Study Committee shall 1080  
evaluate the effectiveness of Am. Sub. S.B. 76 of the 124th 1081  
General Assembly in deterring these practices and shall make 1082  
recommendations it determines necessary to achieve that 1083  
deterrence. The Study Committee shall also review the operation of 1084  
the Office of Consumer Affairs within the Division of Financial 1085  
Institutions, including its outreach efforts to provide education 1086  
regarding predatory lending, borrowing, and related financial 1087  
topics and, based on the effectiveness of its operation, make 1088  
recommendations regarding its continued funding. 1089

(B) The Study Committee shall consist of fifteen members as 1090  
follows: 1091

(1) Three members of the Senate appointed by the President of 1092

## As Reported by the Senate Finance and Financial Institutions Committee

- the Senate, two of whom are members of the majority party, and one  
of whom is a member of the minority party; 1093  
1094
- (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; 1095  
1096  
1097  
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- (3) The Director of the Department of Commerce or the  
Director's designee; 1099  
1100
- (4) The Attorney General or the Attorney General's designee; 1101
- (5) The Director of Aging or the Director's designee; 1102
- (6) Three members representing consumer advocacy  
organizations, as follows: 1103  
1104
- (a) One representative from the Coalition on Homelessness and  
Housing in Ohio, appointed by the President of the Senate; 1105  
1106
- (b) One representative from the Ohio chapter of AARP,  
appointed by the Speaker of the House of Representatives; 1107  
1108
- (c) One representative from a nonprofit housing  
organization, appointed by the President of the Senate. 1109  
1110
- (7) Three members representing the lending community, two of  
whom shall be appointed by the Speaker of the House of  
Representatives, and one of whom shall be appointed by the  
President of the Senate. 1111  
1112  
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- (C)(1) The Speaker of the House of Representatives shall  
designate one of the members of the Study Committee to serve as  
chairperson of the Study Committee. 1115  
1116  
1117
- (2) Members of the Study Committee shall serve without  
compensation or reimbursement. 1118  
1119
- (3) Vacancies on the Study Committee shall be filled in the  
same manner as the original appointment. 1120  
1121

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

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

(F) The Study Committee shall publish its findings in a report and submit the report to the Governor, the Speaker and the Minority Leader of the House of Representatives, and the President and Minority Leader of the Senate not later than June 30, 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.

**Section 6.** That Section 32 of Am. Sub. H.B. 94 of the 124th General Assembly be amended to read as follows:

**"Sec. 32. COM DEPARTMENT OF COMMERCE**

General Revenue Fund					1143	
GRF 800-402	Grants-Volunteer Fire	\$	912,500	\$	793,750	1144
	Departments					
GRF 800-410	Labor and Worker	\$	3,898,792	\$	4,042,587	1145
	Safety					
Total GRF	General Revenue Fund	\$	4,811,292	\$	4,836,337	1146
General Services	Fund Group					1147
163 800-620	Division of	\$	5,873,604	\$	6,189,578	1148
	Administration					

## As Reported by the Senate Finance and Financial Institutions Committee

5F1	800-635	Small Government Fire	\$	250,000	\$	250,000	1149
		Departments					
TOTAL	GSF	General Services Fund					1150
Group			\$	6,123,604	\$	6,439,578	1151
Federal	Special	Revenue Fund Group					1152
348	800-622	Underground Storage	\$	195,008	\$	195,008	1153
		Tanks					
348	800-624	Leaking Underground	\$	1,850,000	\$	1,850,000	1154
		Storage Tanks					
349	800-626	OSHA Enforcement	\$	1,346,000	\$	1,386,380	1155
TOTAL	FED	Federal Special Revenue					1156
Fund	Group		\$	3,391,008	\$	3,431,388	1157
State	Special	Revenue Fund Group					1158
4B2	800-631	Real Estate Appraisal	\$	69,870	\$	71,267	1159
		Recovery					
4H9	800-608	Cemeteries	\$	260,083	\$	273,465	1160
4L5	800-609	Fireworks Training and	\$	10,526	\$	10,976	1161
		Education					
4X2	800-619	Financial Institutions	\$	2,020,646	\$	2,134,754	1162
5B8	800-628	Auctioneers	\$	60,000	\$	0	1163
5B9	800-632	PI & Security Guard	\$	1,139,377	\$	1,188,716	1164
		Provider					
5K7	800-621	Penalty Enforcement	\$	2,000	\$	2,000	1165
543	800-602	Unclaimed	\$	5,921,792	\$	6,151,051	1166
		Funds-Operating					
543	800-625	Unclaimed Funds-Claims	\$	24,890,602	\$	25,512,867	1167
544	800-612	Banks	\$	6,346,230	\$	6,657,997	1168
545	800-613	Savings Institutions	\$	2,790,960	\$	2,894,399	1169
546	800-610	Fire Marshal	\$	10,245,737	\$	10,777,694	1170
547	800-603	Real Estate	\$	258,796	\$	264,141	1171
		Education/Research					
548	800-611	Real Estate Recovery	\$	150,000	\$	150,000	1172

As Reported by the Senate Finance and Financial Institutions Committee

549	800-614	Real Estate	\$	2,885,785	\$	3,039,837	1173
550	800-617	Securities	\$	4,611,800	\$	4,864,800	1174
552	800-604	Credit Union	\$	2,368,450	\$	2,477,852	1175
553	800-607	Consumer Finance	\$	<del>2,305,339</del>	\$	<del>2,258,822</del>	1176
				<u>2,830,339</u>		<u>2,908,822</u>	1177
556	800-615	Industrial Compliance	\$	22,176,840	\$	23,415,776	1178
6A4	800-630	Real Estate	\$	522,125	\$	548,006	1179
		Appraiser-Operating					
653	800-629	UST	\$	1,072,795	\$	1,121,632	1180
		Registration/Permit					
		Fee					
TOTAL SSR State Special Revenue							1181
Fund Group			\$	<del>90,109,753</del>	\$	<del>93,816,052</del>	1182
				<u>90,634,753</u>		<u>94,466,052</u>	1183
Liquor Control Fund Group							1184
043	800-601	Merchandising	\$	322,741,245	\$	341,222,192	1185
043	800-627	Liquor Control	\$	16,250,400	\$	15,801,163	1186
		Operating					
043	800-633	Development Assistance	\$	16,134,800	\$	16,141,100	1187
		Debt Service					
043	800-636	Revitalization Debt	\$	1,600,000	\$	6,700,000	1188
		Service					
TOTAL LCF Liquor Control							1189
Fund Group			\$	356,726,445	\$	379,864,455	1190
TOTAL ALL BUDGET FUND GROUPS							1191
			\$	<del>461,162,102</del>	\$	<del>488,387,810</del>	1192
				<u>461,687,102</u>		<u>489,037,810</u>	1192

GRANTS-VOLUNTEER FIRE DEPARTMENTS 1193

The foregoing appropriation item 800-402, Grants-Volunteer 1194  
 Fire Departments, shall be used to make annual grants to volunteer 1195  
 fire departments of up to \$10,000, or up to \$25,000 if the 1196  
 volunteer fire department provides service for an area affected by 1197  
 a natural disaster. The grant program shall be administered by the 1198



## As Reported by the Senate Finance and Financial Institutions Committee

Fire Marshal under the Department of Commerce. The Fire Marshal	1199
shall adopt rules necessary for the administration and operation	1200
of the grant program.	1201
Notwithstanding section 3737.17 of the Revised Code, upon the	1202
request of the Director of Commerce, the Director of Budget and	1203
Management shall transfer \$200,000 cash in fiscal year 2002 and	1204
\$100,000 cash in fiscal year 2003 from the State Fire Marshal Fund	1205
(Fund 546) to the General Revenue Fund.	1206
Of the foregoing appropriation item 800-402, Grants-Volunteer	1207
Fire Departments, \$200,000 in fiscal year 2002 shall be granted to	1208
the Monday Creek Fire Department.	1209
LABOR AND WORKER SAFETY	1210
The Department of Commerce may designate a portion of	1211
appropriation item 800-410, Labor and Worker Safety, to be used to	1212
match federal funding for the OSHA on-site consultation program.	1213
SMALL GOVERNMENT FIRE DEPARTMENTS	1214
Upon the request of the Director of Commerce, the Director of	1215
Budget and Management shall transfer \$250,000 cash in each fiscal	1216
year from the State Fire Marshal Fund (Fund 546) within the State	1217
Special Revenue Fund Group to the Small Government Fire	1218
Departments Fund (Fund 5F1) within the General Services Fund	1219
Group.	1220
Notwithstanding section 3737.17 of the Revised Code, the	1221
foregoing appropriation item 800-635, Small Government Fire	1222
Departments, may be used to provide loans to private fire	1223
departments.	1224
PENALTY ENFORCEMENT	1225
The foregoing appropriation item 800-621, Penalty	1226
Enforcement, shall be used to enforce sections 4115.03 to 4115.16	1227
of the Revised Code.	1228

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On July 1, 2001, or as soon thereafter as possible, the  
 Director of Budget and Management shall transfer the cash balance  
 in the Penalty Enforcement Fund that was in the custody of the  
 state treasury to the Penalty Enforcement Fund (Fund 5K7) that is  
 created in the state treasury by section 4115.10 of the Revised  
 Code. The fund shall be used for deposit of moneys received from  
 penalties paid under section 4115.10 of the Revised Code.

## UNCLAIMED FUNDS PAYMENTS

The foregoing appropriation item 800-625, Unclaimed  
 Funds-Claims, shall be used to pay claims pursuant to section  
 169.08 of the Revised Code. If it is determined that additional  
 amounts are necessary, the amounts are appropriated.

PREDATORY LENDING ENFORCEMENT

Of the foregoing appropriation item 800-607, Consumer  
 Finance, up to \$125,000 in fiscal year 2002 and up to \$250,000 in  
 fiscal year 2003 shall be used for the enforcement of sections  
 1349.25 to 1349.36 of the Revised Code.

OFFICE OF CONSUMER AFFAIRS

Of the foregoing appropriation item 800-607, Consumer  
 Finance, up to \$400,000 in fiscal year 2002 and up to \$400,000 in  
 fiscal year 2003 shall be used by the Department of Commerce for  
 the operation of the Office of Consumer Affairs created in section  
 1349.37 of the Revised Code, including outreach efforts to provide  
 education regarding predatory lending, borrowing, and related  
 financial topics through seminars, local government grants, public  
 service announcements, and brochures. On or before August 1, 2002,  
 the Director of Budget and Management shall determine and certify  
 to the Director of Commerce the total amount of unexpended,  
 unobligated appropriations made to the Department for fiscal year  
 2002 for the purposes stated above. The amount so determined and  
 certified by the Director of Budget and Management is hereby

## As Reported by the Senate Finance and Financial Institutions Committee

appropriated to appropriation item 800-607, Consumer Finance, in 1260  
addition to any other amounts appropriated for fiscal year 2003, 1261  
and is hereby earmarked for the purposes stated above. 1262

## INCREASED APPROPRIATION AUTHORITY - MERCHANDISING 1263

The Director of Commerce may, upon concurrence by the 1264  
 Director of Budget and Management, submit to the Controlling Board 1265  
 for approval a request for increased appropriation authority for 1266  
 appropriation item 800-601, Merchandising. 1267

## CASH BALANCE TRANSFER 1268

On July 1, 2001, or as soon thereafter as possible, the 1269  
 Director of Budget and Management shall transfer the cash balance 1270  
 in the Salvage and Exchange Fund (Fund 861) to the Liquor Control 1271  
 Fund (Fund 043) created in section 4301.12 of the Revised Code. 1272  
 Upon the completion of the transfer, the Salvage and Exchange 1273  
 Fund, which was created by the Controlling Board during the 1274  
 1973-1975 biennium, is abolished. The director shall cancel any 1275  
 existing encumbrances against appropriation item 800-634, Salvage 1276  
 and Exchange, and reestablish them against appropriation item 1277  
 800-627, Liquor Control Operating. 1278

## DEVELOPMENT ASSISTANCE DEBT SERVICE 1279

The foregoing appropriation item 800-633, Development 1280  
 Assistance Debt Service, shall be used to meet all payments at the 1281  
 times they are required to be made during the period from July 1, 1282  
 2001, to June 30, 2003, for bond service charges on obligations 1283  
 issued under section 166.08 of the Revised Code, but limited to 1284  
 the aggregate amount of \$32,275,900. If it is determined that 1285  
 additional appropriations are necessary for this purpose, such 1286  
 amounts are hereby appropriated, provided that the appropriation 1287  
 does not exceed \$25,000,000 in any fiscal year, except as may be 1288  
 needed for payments on obligations issued to meet guarantees. The 1289  
 General Assembly acknowledges that an appropriation for this 1290

purpose is not required, but is made in this form and in this act 1291  
for record purposes only. 1292

REVITALIZATION DEBT SERVICE 1293

The foregoing appropriation item 800-636, Revitalization Debt 1294  
Service, shall be used to pay debt service and related financing 1295  
costs during the period from July 1, 2001, to June 30, 2003, on 1296  
obligations to be issued for revitalization purposes under Section 1297  
2o of Article VIII, Ohio Constitution, and implementing 1298  
legislation. If it is determined that additional appropriations 1299  
are necessary for this purpose, such amounts are hereby 1300  
appropriated. The General Assembly acknowledges: (A) the priority 1301  
of the pledge of a portion of receipts from that source to 1302  
obligations issued and to be issued and guarantees made and to be 1303  
made under Chapter 166. of the Revised Code; and (B) that this 1304  
appropriation is subject to further consideration pursuant to 1305  
implementing legislation. 1306

ADMINISTRATIVE ASSESSMENTS 1307

Notwithstanding any other provision of law to the contrary, 1308  
Fund 163, Administration, shall receive assessments from all 1309  
operating funds of the department in accordance with procedures 1310  
prescribed by the Director of Commerce and approved by the 1311  
Director of Budget and Management." 1312

**Section 7.** That existing Section 32 of Am. Sub. H.B. 94 of 1313  
the 124th General Assembly is hereby repealed. 1314

**Section 8.** Section 121.24 of the Revised Code is presented in 1315  
this act as a composite of the section as amended by both Am. Sub. 1316  
H.B. 283 and Am. Sub. S.B. 11 of the 123rd General Assembly. The 1317  
General Assembly, applying the principle stated in division (B) of 1318  
section 1.52 of the Revised Code that amendments are to be 1319  
harmonized if reasonably capable of simultaneous operation, finds 1320

As Reported by the Senate Finance and Financial Institutions Committee

that the composite is the resulting version of the section in 1321  
effect prior to the effective date of the section as presented in 1322  
this act. 1323

**Section 9.** The amendment to Section 32 of Am. Sub. H.B. 94 of 1324  
the 124th General Assembly constitutes an item of law that is not 1325  
subject to the referendum. Therefore, under Ohio Constitution, 1326  
Article II, Section 1d and section 1.471 of the Revised Code, the 1327  
amendment to Section 32 of Am. Sub. H.B. 94 of the 124th General 1328  
Assembly goes into immediate effect when this act becomes law. 1329