

As Introduced

**127th General Assembly
Regular Session
2007-2008**

H. B. No. 337

Representatives McGregor, R., Lundy

**Cosponsors: Representatives Patton, Williams, S., Ujvagi, Yuko, Bolon,
Harwood, Dodd, Fende, Seitz, Luckie, Collier, Distel, Barrett, Goyal, Evans,
Hite, Daniels, McGregor, J., Bacon, Stewart, J., Wagoner, Blessing, Coley,
Sayre, Carmichael, Book, DeGeeter, Szollosi, Chandler, Letson, Dyer**

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A B I L L

To amend sections 1181.06, 1315.36, 1315.39, 1315.40, 1
and 1315.41 and to enact section 121.085 of the 2
Revised Code to modify terms and permissible 3
charges under the Check-Cashing Lender Law, to 4
establish the Financial Literacy Education Fund, 5
to authorize the Director of Commerce to 6
administer the fund and establish adult financial 7
literacy education programs, and to create the 8
Small Emergency Loan Task Force. 9

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

Section 1. That sections 1181.06, 1315.36, 1315.39, 1315.40, 10
and 1315.41 be amended and section 121.085 of the Revised Code be 11
enacted to read as follows: 12

Sec. 121.085. The financial literacy education fund is hereby 13
created in the state treasury. The fund shall consist of funds 14
transferred to it from the financial institutions fund pursuant to 15
division (B) of section 1181.06 of the Revised Code. The fund 16

shall be used to support various adult financial literacy 17
education programs developed or implemented by the director of 18
commerce. The fund shall be administered by the director of 19
commerce, who shall adopt rules for the distribution of fund 20
moneys. The director of commerce shall adopt a rule to require 21
that at least one-half of the financial literacy education 22
programs developed or implemented pursuant to this section, and 23
offered to the public, be presented or available at public 24
community colleges throughout the state. The director of commerce 25
shall deliver to the president of the senate, the speaker of the 26
house of representatives, the minority leader of the senate, the 27
minority leader of the house of representatives, and the governor 28
an annual report that includes an outline of each adult financial 29
literacy education program developed or implemented, the number of 30
individuals who were educated by each program, and an accounting 31
for all funds distributed. 32

Sec. 1181.06. There is hereby created in the state treasury 33
the financial institutions fund. The fund shall receive 34
assessments on the banks fund established under section 1121.30 of 35
the Revised Code, the savings institutions fund established under 36
section 1181.18 of the Revised Code, the credit unions fund 37
established under section 1733.321 of the Revised Code, and the 38
consumer finance fund established under section 1321.21 of the 39
Revised Code in accordance with procedures prescribed by the 40
superintendent of financial institutions and approved by the 41
director of budget and management. Such assessments shall be in 42
addition to any assessments on these funds required under division 43
(G) of section 121.08 of the Revised Code. All operating expenses 44
of the division of financial institutions shall be paid from the 45
financial institutions fund. 46

Periodically, in accordance with a schedule the director 47
establishes by rule, the director of budget and management shall 48

transfer five per cent of all assessments received into the 49
financial institutions fund to the financial literacy education 50
fund created under section 121.085 of the Revised Code. 51

Sec. 1315.36. (A) No check-cashing business shall engage in 52
the business of making loans under sections 1315.35 to 1315.44 of 53
the Revised Code without first having obtained a license from the 54
superintendent of financial institutions under sections 1315.35 to 55
1315.44 of the Revised Code. 56

(B) No person shall lend funds to a borrower in Ohio as part 57
of an internet check-cashing loan business, or through the mail 58
from an office of any check-cashing loan business not located in 59
Ohio, pursuant to an agreement for deferred deposit of any check, 60
negotiable order of withdrawal, share draft, or negotiable 61
instrument, including any deferred electronic draft from any 62
borrower account at a depository financial institution, without 63
first having obtained a license from the superintendent under 64
sections 1315.35 to 1315.44 of the Revised Code. Nothing in this 65
section prohibits a business not located or licensed in Ohio from 66
lending funds to Ohio borrowers who physically visit the 67
out-of-state office of the business and obtain the disbursement of 68
loan funds at that location. 69

(C) No person, other than a check-cashing business licensed 70
under sections 1315.35 to 1315.44 of the Revised Code shall draft 71
funds electronically from any depository financial institution in 72
this state, or bill any credit card issued by such institution, 73
where the loan or extension of credit is made pursuant to an 74
agreement for deferred deposit of any check, negotiable order of 75
withdrawal, share draft, or negotiable instrument, including any 76
deferred electronic draft from any borrower account at a 77
depository financial institution. 78

Sec. 1315.39. (A) A check-cashing business licensed under	79
sections 1315.35 to 1315.44 of the Revised Code may engage in the	80
business of making loans provided that each loan meets all of the	81
following conditions:	82
(1) The total amount of the loan does not exceed eight	83
hundred dollars.	84
(2) The duration of the loan does not exceed six months.	85
(3) The interest on the loan is calculated in compliance	86
with, and does not exceed the amount permitted by, division (B) of	87
this section.	88
(4) The loan is made pursuant to a written loan contract that	89
sets forth the terms and conditions of the loan, and discloses in	90
a clear and concise manner all of the following:	91
(a) The total amount of fees and charges the borrower will be	92
required to pay in connection with the loan pursuant to the loan	93
contract;	94
(b) The rate of interest contracted for under the loan	95
contract, calculated both as an annual percentage rate based	96
solely on the principal of the loan and as an annual percentage	97
rate based on the sum of the principal of the loan and the loan	98
origination fee, check collection charge, and all other fees or	99
charges contracted for under the loan contract;	100
(c) The total amount of each payment, when each payment is	101
due, and the total number of payments that the borrower will be	102
required to make under the loan contract;	103
(d) A statement, printed in boldface type of the minimum size	104
of ten points, as follows: "WARNING: The rate of interest charged	105
on this loan is higher than the average rate of interest charged	106
by financial institutions on substantially similar loans."	107
(5) The loan is not being made to a borrower for purposes of	108

retiring an existing loan between the check-cashing business and 109
that borrower, which existing loan was made pursuant to sections 110
1315.35 to 1315.44 of the Revised Code. 111

(6) The loan contract includes a provision that offers the 112
borrower an optional extended payment plan that may be invoked by 113
the borrower on the last business day before the maturity date of 114
the loan. To invoke the extended payment plan, the borrower must 115
return to the office where the loan was made and sign an amendment 116
to the original loan agreement reflecting the extended terms of 117
the loan and the new payment schedule. A licensee shall offer to 118
each borrower at least one extended payment plan per calendar 119
year. The extended payment plan shall allow the borrower to repay 120
the balance in four equal payments with the first payment being 121
due on the date the borrower enters into the extended payment plan 122
and the remaining payments being due on the borrower's next three 123
scheduled periodic pay dates. No additional interest, fees, or 124
charges may be applied to the loan upon the borrower entering the 125
extended payment plan as long as the borrower is in compliance 126
with the terms of the extended payment plan. The contract 127
provision regarding the extended payment plan shall stipulate that 128
the plan may be revoked and the entire balance become immediately 129
due and payable if the borrower fails to abide by the terms of the 130
extended payment plan. The person originating the loan for the 131
licensee shall identify verbally to the borrower the contract 132
provision, regarding the extended payment plan, and the borrower 133
shall verify that the provision has been identified by initialing 134
the contract adjacent to the provision. 135

(B) A Except as prohibited in division (A)(6) of this 136
section, a check-cashing business may contract for and receive 137
interest at a rate of five per cent per month or fraction of a 138
month on the unpaid principal of a loan made under sections 139
1315.35 to 1315.44 of the Revised Code. Any unearned interest 140

shall not be deducted from the proceeds of the loan or paid in advance, and interest shall be computed on the unpaid balance and shall not be compounded. If, after the first month of the loan contract, the loan is paid in full before the final date on which payment is due on the loan pursuant to the loan contract, the licensee shall refund or credit the borrower with the amount of the unearned interest for the unexpired period of the loan contract that follows the date of the borrower's payment in full.

(C) A check-cashing business licensed under sections 1315.35 to 1315.44 of the Revised Code that makes a loan in accordance with this section shall comply with the requirements of the federal "Fair Debt Collection Practices Act," 91 Stat. 874 (1977), 15 U.S.C. 1692 et seq., when collecting the money owed under a loan contract entered into pursuant to this section.

(D) A check-cashing business licensed under sections 1315.35 to 1315.44 of the Revised Code shall post a sign that informs potential borrowers of the extended payment plan option required by this section. The business shall post the sign at a location clearly visible to every potential borrower. The sign shall be at least eleven inches by seventeen inches in size and shall contain the following statement in boldface type not smaller than twenty-eight points: "State law requires that a loan contract for a check-cashing loan include an extended payment plan option that may be invoked by the borrower on the last business day before the maturity date of the loan. A borrower who invokes the extended payment plan option may repay the balance owed in four equal periodic payments and no additional interest, fees, or charges may be applied to the loan."

(E) Semi-annually, on or near January 31 and July 31, a check-cashing business licensed under sections 1315.35 to 1315.44 of the Revised Code shall report to the superintendent of financial institutions, the number of extended payment plans

pursuant to division (A) of this section that were provided in the 173
preceding six months. The superintendent annually shall report 174
such information to the speaker of the house of representatives, 175
the president of the senate, the minority leader of the house of 176
representatives and the minority leader of the senate. The speaker 177
of the house of representatives shall send a copy of the report to 178
the chairperson of the standing committee in the house of 179
representatives that customarily considers legislation regarding 180
financial institutions. The president of the senate shall send a 181
copy of the report to the chairperson of the standing committee in 182
the senate that customarily considers legislation regarding 183
financial institutions. 184

Sec. 1315.40. (A) In addition to the interest authorized to 185
be contracted for and received pursuant to section 1315.39 of the 186
Revised Code, a check-cashing business licensed pursuant to 187
sections 1315.35 to 1315.44 of the Revised Code may charge, 188
collect, and receive the following fees and charges in connection 189
with a loan made under sections 1315.35 to 1315.44 of the Revised 190
Code: 191

~~(A)~~(1) Loan origination fees not exceeding an amount equal to 192
five dollars per fifty dollars up to five hundred dollars of the 193
amount of the loan and three dollars and seventy-five cents per 194
fifty dollars of the amount of the loan between five hundred one 195
and eight hundred dollars; 196

~~(B)~~(2) Check collection charges not exceeding an amount equal 197
to twenty dollars, plus any amount passed on from other financial 198
institutions for each check, negotiable order of withdrawal, share 199
draft, or other negotiable instrument returned or dishonored for 200
any reason, provided that the ~~terms and conditions upon which~~ 201
~~check collection charges will be charged to the borrower are set~~ 202
~~forth in the written loan contract described in division (A)(4) of~~ 203

~~section 1315.39 of the Revised Code~~ charges comply with division 204
(B) of this section; 205

~~(C)(3)~~ Damages, costs, and disbursements to which the 206
check-cashing business may become entitled to by law in connection 207
with any civil action to collect a loan after default. 208

(B)(1) The terms and conditions upon which check collection 209
charges will be charged to the borrower shall be set forth in the 210
written loan contract described in division (A)(4) of section 211
1315.39 of the Revised Code. 212

(2) No check-cashing business shall solicit, collect, or 213
receive, any check collection charge permitted herein more than 214
once on the same check, negotiable order of withdrawal, share 215
draft, negotiable instrument, or loan transaction other than to 216
recover amounts passed on from the check-cashing business's 217
financial institution for the return or dishonor of the check, 218
negotiable order of withdrawal, share draft, or negotiable 219
instrument. 220

Sec. 1315.41. No check-cashing business licensed pursuant to 221
sections 1315.35 to 1315.44 of the Revised Code shall do any of 222
the following: 223

(A) Violate section 1315.36 of the Revised Code; 224

(B) Make a loan that does not comply with division (A) of 225
section 1315.39 of the Revised Code; 226

(C) Charge, collect, or receive, directly or indirectly, any 227
additional fees or charges in connection with a loan, other than 228
fees and charges permitted by sections 1315.39 and 1315.40 of the 229
Revised Code and costs or disbursements to which the check-cashing 230
business may become entitled to by law in connection with any 231
civil action to collect a loan after default; 232

(D) Collect treble damages pursuant to division (A)(1)(b)(ii) 233

of section 2307.61 of the Revised Code in connection with any 234
civil action to collect a loan after a default due to a check, 235
negotiable order of withdrawal, share draft, or other negotiable 236
instrument that was returned or dishonored for insufficient funds; 237

(E) Make a loan to a borrower if there exists an outstanding 238
loan between the check-cashing business and that borrower and if 239
the outstanding loan was made pursuant to sections 1315.35 to 240
1315.43 of the Revised Code. 241

(F) Bring or threaten to bring an action or complaint against 242
the borrower for the borrower's failure to comply with the terms 243
of the loan contract solely due to the check, negotiable order of 244
withdrawal, share draft, or negotiable instrument being returned 245
or dishonored for insufficient funds. Nothing herein prohibits 246
such conduct, action, or complaint if the borrower has 247
intentionally engaged in fraud by, including but not limited to, 248
closing or using any closed or false account to evade payment. 249

Section 2. That existing sections 1181.06, 1315.36, 1315.39, 250
1315.40, and 1315.41 of the Revised Code are hereby repealed. 251

Section 3. (A) There is hereby created the Small Emergency 252
Loan Task Force to study and make recommendations on how small 253
emergency loans can be made available by banks and credit unions 254
to persons with limited resources and poor credit. 255

(B) The Task Force shall consist of the following ten 256
members, each with the authority to vote on matters before the 257
Task Force: One member appointed by the Speaker of the House of 258
Representatives; one member appointed by the Minority Leader of 259
the House of Representatives; one member appointed by the 260
President of the Senate; one member appointed by the Minority 261
Leader of the Senate; two members each appointed by the Governor, 262
the Treasurer of State, and the Director of Commerce; one member 263
designated by the Ohio Bankers League; and one member designated 264

by the Ohio Credit Union League. 265

(C) Members shall be appointed not later than thirty days 266
after the effective date of this section, and within sixty days 267
thereafter the Task Force shall convene as summoned by the 268
Director of Commerce. Members of the Task Force shall, at the 269
first meeting, elect a chair. The Task Force shall meet not less 270
than once per month, shall report to the Speaker of the House of 271
Representatives and the President of the Senate within one year 272
after the date of the first meeting of the Task Force, and shall 273
thereafter permanently dissolve. 274

(D) A vacancy shall be filled in the same manner as the 275
original appointment. 276

(E) Members of the Task Force shall receive no compensation, 277
except to the extent that serving as a member is part of the 278
individual's regular duties of employment and except for the 279
reimbursement of expenses at cost. 280

(F) The Department of Commerce shall provide meeting space 281
and secretarial services. 282