



OHIO LEGISLATIVE SERVICE COMMISSION

Synopsis of Senate Committee Amendments

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H.B. 123

132nd General Assembly
(As Reported by S. Finance)

This table summarizes how the latest version of the bill reported by Senate committee differs from the version as passed by the House. It addresses only the topics on which the two versions differ substantively. It does not list topics on which the two bills are substantively the same.

Topic	H.B. 123 (As Passed by the House)	Sub. H.B. 123 (As Reported by S. Finance)
Short Term Loan Act		
Loan amount	Retains existing law, which prohibits a licensee from making a loan greater than \$500 (R.C. 1321.39(A)).	Prohibits a licensee from making a loan greater than \$1,000 (R.C. 1321.39(A)).
Loan duration	Requires the minimum duration of the loan is determined by the number of months equal to the sum of the originally contracted amount and all applicable charges divided by the total monthly payment (R.C. 1321.39(B)). No provision.	Requires the minimum duration of the loan is 91 days unless the borrower meets specified monthly income standards (see " Total monthly payment ," below). Prohibits a loan for duration greater than one year (R.C. 1321.39(B)).

* This synopsis does not address amendments that may have been adopted on the Senate Floor.

Topic	H.B. 123 (As Passed by the House)	Sub. H.B. 123 (As Reported by S. Finance)
Computation of interest and annual percentage rate	Excludes the monthly maintenance fee and check collection charge from the definition of interest but includes them in the calculation of annual percentage rate (<i>R.C. 1321.35(C) and (D)</i>).	Additionally excludes the loan origination and check cashing fee from the definition of interest but includes the loan origination fee in the calculation of annual percentage rate (<i>R.C. 1321.35(C) and (D)</i>).
Monthly maintenance fee	Permits a licensee to charge, collect, and receive a monthly maintenance fee that does not exceed the lesser of 5% of the originally contracted amount or \$20 (<i>R.C. 1321.40(B)</i>).	Similar, except increases the allowable monthly maintenance fee to the lesser of 10% of the originally contracted loan amount or \$30 (<i>R.C. 1321.40(B)</i>).
Loan origination fee	No provision.	Permits a licensee to charge a loan origination charge of 2% of the originally contracted loan amount if the loan is \$500 or more, provided that the charge is not added to the balance of the loan on which interest is charged (<i>R.C. 1321.40(C)</i>).
Check cashing fee	No provision.	Permits the licensee to charge a fee, not exceeding \$10, if the licensee provides the proceeds of the loan in the form of a check and the licensee cashes that check (<i>R.C. 1321.40(E)</i>).
Fee cap	Prohibits a licensee from charging, collecting, or receiving a total amount of fees and charges that exceeds 50% of the original contracted loan amount, excluding the check collection charge and the interest charges on a refinanced loan (<i>R.C. 1321.403</i>).	Similar, except increases the fee cap to 60% of the original contracted loan amount, and excludes the check cashing fee, if applicable (<i>R.C. 1321.403</i>).
Total monthly income	Requires that the total monthly payment for a loan does not exceed the greater of the following: <ul style="list-style-type: none"> • 5% of the borrower's verified gross monthly income; or • 6% of the borrower's verified net monthly income (<i>R.C. 1321.39(C) and 1321.46</i>). 	Similar, except only applies to loans for duration of less than 91 days, and increases the limits by the greater of the following: <ul style="list-style-type: none"> • 6% of the borrower's verified gross monthly income; or • 7% of the borrower's verified net monthly income (<i>R.C. 1321.39(B)(2) and 1321.46</i>).

Topic	H.B. 123 (As Passed by the House)	Sub. H.B. 123 (As Reported by S. Finance)
Disclosure	No provision.	Requires the licensee to provide a disclosure to a borrower for loans that have a duration of 91 days or greater, in which the licensee determines the recommended duration of the loan based on the borrower's verified monthly income and the standards described above, and provide the borrower with a written copy of its recommendation, however this is not binding on the borrower (R.C. 1321.39(B)(2), 1321.391, and 1321.46).
Warning statement	Retains existing law, which requires the loan contract to include the following statement: "Warning: The cost of this loan is higher than the average cost charged by financial institutions on substantially similar loans." (R.C. 1321.39(C)(3).)	Similar, but modifies the statement to say the following: "Warning: The cost of this loan is higher than the average cost charged by financial institutions, <i>such as banks or credit unions</i> , on substantially similar loans. <i>A financial institution may be able to offer you a similar loan at a lower cost.</i> " (R.C. 1321.39(C)(3).)
Cancellation of loan	Permits the borrower to rescind or cancel the loan on or before 5 p.m. of the business day immediately following the day of the loan transaction (R.C. 1321.39(C)(7) and (F)). No provision.	Permits the borrower to rescind or cancel the loan on or before 5 p.m. of the <i>third</i> business day immediately following the day of the loan transaction. Expressly requires the borrower to return the originally contracted loan amount (R.C. 1321.39(C)(7) and (E)).

Topic	H.B. 123 (As Passed by the House)	Sub. H.B. 123 (As Reported by S. Finance)
Outstanding debt	<p>Prohibits a licensee from making a loan to a borrower if there exists an outstanding loan between that borrower and (1) the licensee, (2) a person related to the licensee by common ownership, (3) a person in whom the licensee has any financial interest of 10% or more, or (4) any employee or agent of the licensee (R.C. 1321.41(E)).</p> <p>No provision.</p> <p>No provision.</p>	<p>Same, except eliminates number (3), a person in whom the licensee has any financial interest of 10% or more (R.C. 1321.41(E)).</p> <p>Prohibits a licensee from making a loan if the loan will result in a total outstanding principal of more than \$2,500 made by licensees to that borrower at any one time.</p> <p>Requires the licensee to, prior to making a loan, require each borrower to sign a written declaration that the borrower is eligible to receive the loan, and the licensee is required to make a concerted effort to verify the borrower's eligibility. (R.C. 1321.41(R).)</p>
Third-party payment	No provision.	Requires the licensee to accept cash or a certified check from a third-party when submitted on behalf of the borrower for repayment of a loan (R.C. 1321.41(S)).
Communication with borrower	No provision.	Prohibits the licensee to contact the borrower for any reason other than for the benefit of the borrower regarding upcoming payments, options for obtaining loans, payment options, payment due dates, the effect of default, or after default, receiving payments or other actions permitted by the licensee; to advise the borrower of missed payments or dishonored checks, or to assist the transmittal of payments via a third-party mechanism (R.C. 1321.41(T)).

Topic	H.B. 123 (As Passed by the House)	Sub. H.B. 123 (As Reported by S. Finance)
Assignment of loans	No provision.	Requires the licensee to provide notice and information needed to make future payments if loan service is sold or assigned (<i>R.C. 1321.41(U)</i>).
Internet lending	Retains existing law. Retains existing law. Retains existing law. (<i>R.C. 1321.36(A) and (B)</i> .)	Eliminates the requirement that a borrower be physically present in the licensee's business location in order to make or offer a short-term loan to that borrower. Eliminates the prohibition against any person not located in Ohio from making a short-term loan to a borrower in Ohio from an office not located in Ohio. Eliminates the prohibition against any person making, offering, or brokering a loan, or assisting a borrower to obtain a loan, via the Internet (<i>R.C. 1321.36(A) and (B)</i> .)
Small Loan Law		
	Prohibits a licensee under the Small Loan Law to make a loan that has duration of less than 180 days (<i>R.C. 1321.141</i>).	Prohibits the licensee from making a loan with duration of one year or less or a loan that is \$1,000 or less (<i>R.C. 1321.141</i>).
General Loan Law		
	Prohibits a registrant under the General Loan Law from making a loan that is less than 180 days (<i>R.C. 1321.595</i>).	Prohibits a registrant from making a loan that is either (1) \$1,000 or less or (2) has duration of one year or less (<i>R.C. 1321.592</i>).
Credit Service Organizations Law		
	Prohibits a credit service organization from brokering an extension of credit for a buyer that (1) is less than \$5,000, (2) repayment is shorter than 180 days, or (3) the annual percentage rate is more than 28% (<i>R.C. 4712.071</i>).	Prohibits any credit service organization from selling, providing, or performing any services it is authorized to do so under Ohio law in connection with an extension of credit that is (1) less than \$5,000, (2) the repayment term is one year or less, (3) the annual percentage rate is more than 28% (<i>R.C. 4712.071</i>).

Topic	H.B. 123 (As Passed by the House)	Sub. H.B. 123 (As Reported by S. Finance)
Effective date		
	Delays the effective date of the bill by establishing that the bill applies to loans that are made, or extensions of credit that are obtained beginning 90 days after the bill takes effect.	Delays the effective date 180 days after the bill takes effect.
	Permits the Superintendent of Financial Institutions to delay the application for up to an additional 90 days if the Superintendent believes it is necessary to ensure full compliance (<i>Section 3</i>).	No provision (<i>Section 3</i>).