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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 269
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Lang

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SUMMARY

- Amends licensing requirements under the Small Loan Act (SLA).
- Specifies that loans made or credit extended by entities exempt from the SLA, as well as a person that solicits, arranges, finds, or brokers loans made or credit extended by such exempt entities, are also exempt.
- Restricts the Division of Financial Institution's authority to investigate certain persons in relation to violations of the SLA.

DETAILED ANALYSIS

Small Loan Act

The bill amends the law related to the licensing of entities that provide loans of \$5,000 or less. Under current law, any person who engages in either of the following must be licensed under the Small Loan Act (SLA):

- Lending money, credit, or choses in action in amounts of \$5,000 or less;
- Exacting, contracting for, or receiving, directly or indirectly, on or in connection with any such loan, any interest and charges that in the aggregate are greater than the interest and charges that the lender would be otherwise permitted to charge under the law.

The bill instead requires only that persons engaged in both of the above activities must be licensed under the SLA.¹

Under current law, the following are exempt from the SLA licensing requirement:

¹ R.C. 1321.02(A).

- Persons doing business under and as permitted by any state or federal law relating to banks, savings banks, savings societies, trust companies, credit unions, and savings and loan associations, the business of which is confined to loans on real estate mortgages and evidences of their own indebtedness;
- Persons registered under the General Loan Law;
- Persons licensed under the Ohio Consumer Installment Loan Act;
- Licensees operating under the Insurance Premium Finance Company Law;
- Licensees under the Short-Term Loan Act;
- Registrants conducting business as mortgage lenders under the Ohio Residential Mortgage Lending Act;
- Any entity licensed to engage in the business of insurance in Ohio who makes advances or loans to any person who is licensed to sell insurance and who is authorized in writing by that entity to sell insurance.²

The bill specifies that loans made or credit extended by such exempt entities, as well as any person who solicits, arranges, finds, or brokers loans made or credit extended by such exempt entities, are also exempt.³

Current law specifies that the licensing requirement of the SLA applies to any person who, by any device, subterfuge, or pretense, charges, contracts for, or receives greater interest, consideration, or charges than what is authorized for any such loan or use of money or for any such loan, use, or sale of credit, or who, for a fee or any manner of compensation, arranges or offers to find or arrange for another person to make any such loan, use, or sale of credit. The bill instead specifies that, with regard to those persons who arrange for the making of any such loan, use, or sale of credit, the licensing requirement only applies if they are arranging such for licensees or persons who are required to be licensed under the SLA.⁴

Investigations

Current law authorizes the Division of Financial Institutions within the Department of Commerce to investigate the business and examine the books, accounts, papers, and records of any person whom the Division has reasonable cause to believe has violated, is violating, or is about to violate the SLA, whether or not the person claims to act under the law. This includes any person who advertises, solicits, or holds themselves out as willing to make, find, or arrange for another person to make loan transactions in the amount of \$5,000 or less. The bill makes it so that the authority to make, find, or arrange only applies to persons willing to make, find, or arrange such loans for a licensee or a person who is required to be licensed under the SLA. In

² R.C. 1321.02(B).

³ R.C. 1321.02(C).

⁴ R.C. 1321.02(E).

other words, it would not apply to persons brokering such loans for entities that are exempt from licensure under the SLA.⁵

Prohibited actions

Current law prohibits SLA license holders from doing either of the following:

- Making a loan of less than \$1,000;
- Making a loan with a duration of one year or less.

Current law further specifies that a licensee is prohibited from engaging in any act or practice that would allow them to evade these prohibitions, including by assisting a borrower to obtain a loan on terms that would be prohibited above. The bill specifies that this prohibition includes assisting a borrower from obtaining a loan from a licensee or a person that is required to be licensed under the SLA on terms that would be prohibited above. This does not appear to be a functional change.⁶

HISTORY

Action	Date
Introduced	09-23-25

ANSB0269IN-136/ar

⁵ R.C. 1321.07(A)(3).

⁶ R.C. 1321.141(B).