



## Ohio Revised Code

### Section 1317.071 Limits on security interests.

Effective: April 4, 1973

Legislation: House Bill 350 - 109th General Assembly

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No retail seller, in connection with a retail installment contract arising out of a consumer transaction, shall take any security interest other than as authorized by this section.

A seller may take a security interest in the property sold, and in goods upon which services are performed or in which goods sold are installed or to which they are annexed.

A seller may secure the debt arising from the sale by contracting for a security interest in other property if, as a result of a prior sale, the seller has an existing security interest in the other property, and he may contract for a security interest in the property sold in the subsequent sale as security for the previous debt. If debts arising from two or more sales are thus secured or are consolidated into one debt payable on a single schedule of payments, and the debt is secured by security interests taken with respect to one or more of the sales, payments received by the seller after the taking of security interests in the other property or the consolidation are deemed, for the purpose of determining the amount of the debt secured by the various security interests, to have been first applied to the payment of the debts arising from the sales first made. To the extent debts are paid according to this section, security interests in items of property terminate as the debt originally incurred with respect to each item is paid.

Payments received by the seller upon a revolving charge account are deemed, for the purpose of determining the amount of the debt secured by the various security interests, to have been applied first to the payment of credit service charges in the order of their entry to the account and then to the payment of debts in the order in which the entries to the account showing the debts were made.

If the debts consolidated arose from two or more sales made on the same day, payments received by the seller are deemed, for the purpose of determining the amount of the debt secured by the various security interests, to have been applied first to the payment of the smallest debt.