



Ohio Revised Code

Section 1321.41 Short-term loan prohibitions.

Effective: September 1, 2008

Legislation: House Bill 545 - 127th General Assembly

No person licensed pursuant to sections 1321.35 to 1321.48 of the Revised Code shall do any of the following:

- (A) Violate section 1321.36 of the Revised Code;
- (B) Make a loan that does not comply with section 1321.39 of the Revised Code;
- (C) Charge, collect, or receive, directly or indirectly, any additional fees, interest, or charges in connection with a loan, other than fees and charges permitted by section 1321.40 of the Revised Code and costs or disbursements to which the licensee may become entitled to by law in connection with any civil action to collect a loan after default;
- (D) Collect treble damages pursuant to division (A)(1)(b)(ii) of section 2307.61 of the Revised Code in connection with any civil action to collect a loan after a default due to a check, negotiable order of withdrawal, share draft, or other negotiable instrument that was returned or dishonored for insufficient funds;
- (E) Make a short-term loan to a borrower if there exists an outstanding loan between the licensee and that borrower, if a loan between any licensee and that borrower was terminated on the same business day, if the borrower has more than one outstanding loan, if the loan would obligate the borrower to repay a total amount of more than five hundred dollars to licensees, or indebted the borrower, to licensees, for an amount that is more than twenty-five per cent of the borrower's gross monthly salary not including bonus, overtime, or other such compensation, based on a payroll verification statement presented by the borrower;
- (F) Bring or threaten to bring an action or complaint against the borrower for the borrower's failure to comply with the terms of the loan contract solely due to the check, negotiable order of withdrawal, share draft, or negotiable instrument being returned or dishonored for insufficient funds.



Nothing herein prohibits such conduct, action, or complaint if the borrower has intentionally engaged in fraud by, including but not limited to, closing or using any closed or false account to evade payment;

(G) Make a short-term loan to a borrower for purposes of retiring an existing short-term loan between any licensee and that borrower;

(H) Require the borrower to waive the borrower's right to legal recourse under any otherwise applicable provision of state or federal law;

(I) Accept the title of a vehicle, real property, physical assets, or other collateral as security for the obligation;

(J) Engage in any device or subterfuge to evade the requirements of sections 1321.35 to 1321.48 of the Revised Code including assisting a borrower to obtain a loan on terms that would be prohibited by sections 1321.35 to 1321.48 of the Revised Code, making loans disguised as personal property sales and leaseback transactions, or disguising loan proceeds as cash rebates for the pretextual installment sale of goods or services;

(K) Assess or charge a borrower a fee for prepaying the loan in full prior to the maturity date;

(L) Fail to comply with section 1321.45 of the Revised Code;

(M) Recommend to a borrower that the borrower obtain a loan for a dollar amount that is higher than the borrower has requested;

(N) Make a loan to a borrower that has received two loans within the previous ninety days from licensees, unless the borrower has completed during that period a financial literacy program approved by the superintendent;

(O) Draft funds electronically from any depository financial institution in this state, or bill any credit card issued by such an institution. Nothing in this division shall prohibit the conversion of a negotiable instrument into an electronic form for processing through the automated clearing house



system.

(P) Make, publish, or otherwise disseminate, directly or indirectly, any misleading or false advertisement, or engage in any other deceptive trade practice;

(Q) Offer any incentive to a borrower in exchange for the borrower taking out multiple loans over any period of time, or provide a short-term loan at no charge or at a discounted charge as compensation for any previous or future business.

(R) Make a loan to a borrower if the borrower has received a total of four or more loans, from licensees, in the calendar year.

(S) Present a check, negotiable order of withdrawal, share draft, or other negotiable instrument, that has been previously presented by the licensee and subsequently returned or dishonored for any reason, without prior written approval from the borrower.

(T) Change the check number, or in any other way alter a check, negotiable order of withdrawal, or share draft, prior to submitting such check, negotiable order of withdrawal, or share draft for processing through the automated clearing house system, or submit false information about any check, negotiable order of withdrawal, or share draft to the automated clearing house system.