



Ohio Revised Code

Section 1349.25 Covered loan definitions.

Effective: January 1, 2007

Legislation: Senate Bill 185 - 126th General Assembly

As used in sections 1349.25 to 1349.37 of the Revised Code:

- (A) "Actuarial method" means the method of allocating payments made on a debt between the amount financed and the finance charge pursuant to which a payment is applied first to the accumulated finance charge and any remainder is subtracted from, or any deficiency is added to, the unpaid balance of the amount financed.
- (B) "Consumer" means a natural person to whom credit is offered or extended primarily for personal, family, or household purposes.
- (C) "Consummation" means the time that a consumer becomes contractually obligated on a credit transaction.
- (D) "Covered loan" means a consumer credit mortgage loan transaction, including an open end credit plan, that involves property located within this state, is secured by the consumer's principal dwelling, and meets either of the following criteria:
- (1) The annual percentage rate at consummation of the transaction exceeds the amount established under section 152(a) of the "Home Ownership and Equity Protection Act of 1994," 108 Stat. 2190, 15 U.S.C.A. 1602(aa), as amended, and the regulations adopted thereunder by the federal reserve board, as amended.
 - (2) If the total loan amount is twenty-five thousand dollars or more, the total points and fees payable by the consumer at or before loan closing exceed five per cent of the total loan amount. If the total loan amount is less than twenty-five thousand dollars, the total points and fees payable by the consumer at or before loan closing exceed eight per cent of the total loan amount.

For purposes of division (D) of this section:



(a) "Points and fees" has the same meaning as in section 152(a) of the "Home Ownership and Equity Protection Act of 1994," 108 Stat. 2190, 15 U.S.C. 1602(aa), as amended, and the regulations adopted thereunder by the federal reserve board, as amended, and includes single premium credit insurance and all compensation paid directly or indirectly to a mortgage broker from any source. For transactions under an open end credit plan, "points and fees" includes fees paid for the ability to access the line of credit and fees paid in order to utilize the maximum amount of credit available.

"Points and fees" does not include fees paid to a federal or state government agency that insures payment of some portion of a home loan, including the federal housing administration and the United States department of veterans affairs, or an amount not to exceed one percentage point in indirect mortgage broker compensation paid by any source.

(b) "Total loan amount" means the principal of the loan minus points and fees that are included in the principal amount. For transactions under an open end credit plan, "total loan amount" shall be calculated by using the total line of credit allowed under the loan at closing.

(c) "Consumer credit mortgage loan transaction" does not include a residential mortgage transaction or a reverse mortgage transaction.

Nothing in division (D) of this section shall be construed to authorize a consumer or any other party to pay compensation to a creditor for services provided by the creditor in connection with a covered loan, or to prohibit a creditor from charging or receiving such compensation.

(E) "Credit" means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

(F) "Creditor" has the same meaning as in section 152(c) of the "Home Ownership and Equity Protection Act of 1994," 108 Stat. 2190, 15 U.S.C.A. 1602(f), as amended, and the regulations adopted thereunder by the federal reserve board, as amended.

(G) "Person" means a natural person, partnership, association, trust, corporation, or any other legal entity.



(H) The terms "open end credit plan," "residential mortgage transaction," and "reverse mortgage transaction" have the same meanings as in section 152(a) of the "Home Ownership and Equity Protection Act of 1994," 108 Stat. 2190, 15 U.S.C. 1602, as amended, and the regulations adopted thereunder by the federal reserve board, as amended.