



Coalition on Homelessness
and Housing in Ohio
COHHIO

For information call: Suzanne Gravette-Acker (614) 280-1984 or Bill Faith (614) 579-6108

Payday Lending Loophole Fix Passes House 61-37; *Bipartisan Floor Vote Affirms Wishes of Voters in 2008*

COLUMBUS — Lawmakers in the Ohio House followed the will of Ohio voters in 2008 when they passed HB 486, the payday lending loophole fix. Today’s floor vote of 61-37 included 13 Republican votes. The bill prohibiting lenders from tacking on exorbitant fees to short term loans now heads to the Senate, where President Bill Harris told reporters earlier that “the way that (payday lenders) are operating is not the intent of the law that we passed (in 2008).” Governor Strickland yesterday urged for swift passage of the bill.

Bill Faith, executive director of the Coalition on Homelessness and Housing in Ohio (COHHIO) and a lead proponent of rate cap reform, hailed passage of the bipartisan bill (Lundy, D-Elyria and Stebelton, R-Lancaster), as a victory for Ohio voters and consumers. “This is a great day for the state of Ohio,” said Faith. “The House vote upholds the wishes of the voters in 2008, when two-thirds voted to confirm the 28 percent rate cap law – a law payday lenders have ignored ever since,” said Faith.

In 2008, the Ohio legislature capped the allowable interest rate on payday loans from around 400% down to 28%. Voters approved this 28% interest rate cap later in a ballot initiative by a 2 to 1 margin. Payday lenders have continued to find ways around the new law and to charge as much — if not more — than before the original rate cap law was passed.

HB 486 closes the loopholes by prohibiting lenders licensed under all small loan and mortgage lending statutes from charging the following fees:

- A fee to cash the lender’s loan check
- An origination fee or a credit check fee more than once in a 90-day period on loans of \$1,000 or less. A membership fee is also prohibited
- A fee to act as a credit service organization on behalf of the borrower.

“This is a good law that reins in a greedy industry and restores the will of the people,” Faith said. “I look forward to a quick resolution in the Senate and the governor’s signature before summer recess.”