

SUMMARY

Section 3 of Substitute House Bill Number 545 repeals the existing Ohio Check-Cashing Lender Law

Under the existing Ohio law, a check-cashing business that also wants to originate loans in Ohio, must obtain a second license from the Superintendent of Financial Institutions under the Check-Cashing Lender Law (Ohio Revised Code §§ 1315.35 to 1315.44). That license permits a check-cashing business to make loans not exceeding \$800 for a period not exceeding six months.

The existing Ohio Check-Cashing Lender Law provides:

- R.C. § 1315.35 sets forth definitions applicable to the following provisions.
- R.C. § 1315.36 requires that a check-cashing business must have a license from the Superintendent of Financial Institutions
- R.C. § 1315.37 provides: (i) the process for obtaining a license; (ii) that the Superintendent of Financial Institutions is required to investigate a check-cashing business before granting a license; and, (iii) the general requirements that must be met in order for a check-cashing business to obtain a license.
- R.C. § 1315.38 sets forth the terms and scope of the license that can be issued to a check-cashing business by the Superintendent of Financial Institutions
- R.C. § 1315.39 sets forth the requirements applicable to each loan made by a licensed check-cashing business, including: (i) a \$800 maximum amount for a loan; (ii) that a loan cannot exceed 6 months in length; (iii) that each loan must be made pursuant to a written loan contract that sets forth, among other things, the terms and conditions of the loan; (iv) that the loan agreement contain a warning on interest rates; (v) that the loan cannot be made to retire an existing loan from the same check-cashing business; and, (vi) that the check-cashing business is limited to charging no more than a five percent (5%) rate of interest per month or fraction of a month on the unpaid balance of the loan.
- R.C. § 1315.40 provides for the additional fees and charges that can be contracted for, and received by, a check-cashing business, including loan origination fees, check collection charges, and, damages suffered by the check-cashing business in the event of the need to file a collection action.
- R.C. § 1315.41 sets forth conduct that a check-cashing business is prohibited from engaging in, including specific prohibitions upon: (i) operating without a license; (ii) making a non-conforming loan; (iii) charging a receiving interest or fees not authorized by Ohio law; (iv) collecting treble damages in any civil action to collect a loan; and, (v) making a loan to any borrower that already has a loan from the check-cashing business
- R.C. § 1315.42 provides the procedure for the Superintendent of Financial Institutions to: (i) suspend or revoke a license issued to a check-cashing business; and, (ii) to conduct hearings and investigations into a check-cashing businesses' operations and practices, including examining the records of a business.
- R.C. § 1313.43 permits the Superintendent of Financial Institutions to adopt rules and regulations to implement these laws
- R.C. § 1315.44 provides remedies to consumers injured by the illegal conduct of a check-cashing business, and permits the Attorney General to take actions to enforce these laws