



Ohio Revised Code

Section 1109.22 Total loans and extensions of credit to person outstanding at any one time.

Effective: January 1, 2018

Legislation: House Bill 49 - 132nd General Assembly

(A) As used in this section:

(1) "Derivative transaction" includes any transaction that is a contract, agreement, swap, warrant, note, or option that is based, in whole or in part, on the value of, any interest in, or any quantitative measure or the occurrence of any event relating to, one or more commodities, securities, currencies, interest or other rates, indices, or other assets.

(2) "Loans and extensions of credit" shall include all of the following:

(a) All direct or indirect advances of funds made on the basis of any obligation of a person to repay the funds or repayable from specific property pledged by or on behalf of the person;

(b) To the extent specified by the superintendent of financial institutions, any liability of a bank to advance funds to or on behalf of a person pursuant to a contractual commitment;

(c) Any credit exposure to a person arising from a derivative transaction between the person and a bank.

(3) "Person" includes an individual; sole proprietorship; partnership; joint venture; association; trust; estate; business trust; corporation; government; agency, instrumentality, or political subdivision of a government; limited liability company; or any similar entity or organization.

(B) Except as provided in divisions (C), (D), (E), and (F) of this section:

(1) The total loans and extensions of credit by a state bank to a person outstanding at any one time and not fully secured, as determined in a manner consistent with division (B)(2) of this section, by collateral having a market value at least equal to the amount of the loans and extensions of credit to



that person that are outstanding shall not exceed fifteen per cent of the unimpaired capital of the bank.

(2) The total loans and extensions of credit by a state bank to a person outstanding at one time and fully secured by readily marketable collateral having a market value, as determined by reliable and continuously available price quotations, at least equal to the amount of the loans and extensions of credit to that person that are outstanding shall not exceed ten per cent of the unimpaired capital of the bank.

(3) The limitation set forth in division (B)(2) of this section is separate from and in addition to the limitation set forth in division (B)(1) of this section.

(4) Notwithstanding the limitations set forth in divisions (B)(1) and (2) of this section, any state bank may grant one or more loans in an aggregate amount of up to five hundred thousand dollars to one person, subject to any applicable restrictions under federal law.

(C) No limitation based on capital applies to loans and extensions of credit by a bank to a person that are any of the following types:

(1) Loans or extensions of credit arising from the discount of commercial or business paper evidencing an obligation to the person negotiating it with recourse;

(2) The purchase of bankers' acceptances of the kinds described in division (B) or (C) of section 1109.17 of the Revised Code and issued by other banks;

(3) Loans or extensions of credit secured by bonds, notes, certificates of indebtedness, treasury bills of the United States, or other obligations fully guaranteed as to principal and interest by the United States;

(4) Loans or extensions of credit to or secured by unconditional takeout commitments or guarantees of any department, agency, bureau, board, commission, or establishment of the United States or any corporation wholly owned, directly or indirectly, by the United States;



(5) Loans or extensions of credit secured by a segregated deposit account in the lending bank;

(6) Loans or extensions of credit to any financial institution or to any receiver, conservator, superintendent of financial institutions, or other agent in charge of the business and property of a financial institution, when the loans or extensions of credit are approved by the superintendent of financial institutions of this state;

(7) Loans or extensions of credit to the student loan marketing association.

(D) A state bank may make loans and extensions of credit secured by bills of lading, warehouse receipts, or similar documents transferring or securing title to readily marketable staples subject to the general limitations of division (B) of this section, and may make additional loans and extensions of credit secured by bills of lading, warehouse receipts, or similar documents transferring or securing title to readily marketable staples, if all of the following apply:

(1) The market value of the staples securing each additional loan or extension of credit at all times equals or exceeds one hundred fifteen per cent of the outstanding amount of the loan or extension of credit.

(2) The staples are fully covered by insurance whenever it is customary to insure staples of that kind.

(3) The total amount of the bank's additional loans and extensions of credit outstanding to one person at any time does not exceed thirty-five per cent of the bank's capital.

(E) Subject to divisions (E)(1) and (2) of this section, a state bank may make loans and extensions of credit arising from the discount of negotiable or nonnegotiable installment consumer paper.

(1) If the paper carries a full recourse endorsement or unconditional guarantee by the person transferring the paper, the total amount of the installment consumer paper transferred by one person a state bank may hold at one time shall not exceed twenty-five per cent of the bank's capital, and the collateral requirements of division (B)(2) of this section do not apply.

(2) The limitations set forth in division (B) of this section apply only to the loans and extensions of



credit of each maker of negotiable or nonnegotiable installment consumer paper, and not to obligations arising from any full or partial recourse endorsement or guarantee by the transferor discounting the consumer paper to the state bank, if both of the following apply:

(a) The state bank's files are, or the knowledge of its officers of the financial condition of each maker of the consumer paper is, reasonably adequate.

(b) An officer of the state bank designated for that purpose by the bank's board of directors certifies in writing that the bank is relying primarily upon the responsibility of each maker for payment of the loans or extensions of credit and not upon any full or partial recourse endorsement or guarantee by the transferor.

(F) Without regard to the collateral requirements of division (B) of this section, a state bank may have loans and extensions of credit to one person outstanding at one time not exceeding twenty-five per cent of the bank's capital of the following types:

(1) Loans and extensions of credit secured by shipping documents or instruments transferring or securing title covering livestock or giving a lien on livestock, when the market value of the livestock securing the obligation is not at any time less than one hundred fifteen per cent of the face amount of the note covered;

(2) Loans and extensions of credit that arise from the discount by dealers in dairy cattle of paper given in payment for dairy cattle, if the paper carries a full recourse endorsement or unconditional guarantee of the seller, and the loans and extensions of credit are secured by the cattle being sold.

(G)(1) The superintendent may adopt rules to administer and carry out the purposes of this section, including, but not limited to, the following:

(a) Rules defining or further defining terms used in this section, including expanding or limiting the definition of "person" defined in division (A) of this section;

(b) Rules establishing limits or requirements other than those specified in this section for particular classes or categories of loans or extensions of credit;



(c) Rules relating to credit exposure arising from derivative transactions.

(2) The superintendent may determine when a loan putatively made to a person is, for purposes of this section, to be attributed to another person.