



June 29, 2012

OHIO GENERAL ASSEMBLY PASSES BILL REDUCING STATUTE OF LIMITATIONS ON A WRITTEN CONTRACT

The Ohio General Assembly has passed Ohio S.B. No. 224 generally shortening the period of limitations on an action on an agreement, contract or promise in writing from 15 years after the cause of action accrues to 8 years after the cause of action accrues. An action for breach of contract on a contract for the sale of goods under the Uniform Commercial Code continues to be governed by the Ohio Uniform Commercial Code, generally 6 years.

The new limitations period applies to actions in which the cause of action accrues on or after the effective date of Ohio S.B. No. 224. For actions that accrued prior to the effective date of Ohio S.B. No. 224 (*i.e.*, as to contracts entered into before the bill takes effect), the period of limitations will be the earlier of (i) eight years from the effective date of Ohio S.B. No. 224 or (ii) the expiration of the period of limitations in effect prior to the effective date of Ohio S.B. No. 224. Thus, all existing contracts will have the right to sue cut off at 8 years. This provision cutting off the right to sue on existing contracts raises significant constitutional issues.

The bill will take effect 90 days after it is signed by the Governor and is filed with the Ohio Secretary of State.

This bill will have an impact on collections of defaulted debt obligations.

Please contact us if you have any questions or would like a copy of the bill.

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