



## OHIO REGULATOR REVERSES POSITION ON BANK PARTNERSHIPS AND OHIO SMALL LOAN ACT

The Ohio Division of Financial Institutions posted a revised Guidance document dated October 31, 2025 reversing the Guidance first posted in December of 2024. See our ALERTS of [Jan. 21, 2025](#), [Jan. 8, 2025](#) and [Dec. 18, 2024](#). The new Guidance is consistent with the Division's long standing positing that the Ohio Small Loan Act does not apply to third parties that arrange loans for banks. The new guidance states:

In December 2024, the Division released guidance advising that the Small Loan Act (SLA), Ohio Revised Code (O.R.C.) §§ 1321.01-1321.19, requires any nonbank entity that is compensated for arranging any bank loan in the amount of \$5,000 or less to obtain a license. Upon further review of industry feedback, the Division updated the guidance and issued FAQs on January 31, 2025. Since that time, the Division has continued to engage with industry and monitor ongoing developments. In this context, the Division issues the following, updated Guidance:

Unless or until further notice, the Division will not require any nonbank entity that is compensated for arranging bank loans in any amount to obtain a license under the SLA, or otherwise, to engage in this activity.

As a result of this updated Guidance, nonbank entities that wish to arrange bank loans in calendar year 2026 do not need to apply for or be licensed by the Division to engage in this activity. Additionally, the Division does not intend to pursue enforcement action against any entity for engaging in this activity in calendar year 2025 but failed to apply for or obtain an SLA license.

Unless or until further notice, the Division will not require any entity that makes or arranges loans of \$5,000 or less, but does not charge interest, to obtain a license under the SLA to engage in this activity.

As a result of this updated Guidance, entities that wish to make or arrange loans of \$5,000 or less, but not charge interest, in calendar year 2026 do not need to apply for or

be licensed by the Division to engage in this activity. Additionally, the Division does not intend to pursue enforcement action against any entity for engaging in this activity in calendar year 2025 but failed to obtain an SLA license.

Unless or until further notice, the Division will not enforce or seek to apply O.R.C. § 1321.141 (prohibiting loans of less than \$1,000 or with a duration of less than one year) against any activity that, as a result of this updated Guidance, is not subject to licensure.

There is a bill pending in the Ohio Senate that would codify the positions in the Division's November Guidance. Ohio S.B. No. 269 amends the Ohio Small Loan Act by (i) changes the "or" to an "and" in the trigger for licensing under the SLA, making licensing applicable to those lending in amounts of \$5,000 or less and charging greater interest and charges than otherwise permitted and (ii) adds the following language to the SLA licensing provision:

Sections 1321.01 to 1321.19 of the Revised Code [SLA] do not apply to loans made or credit extended by entities exempt under division (B) of this section [banks and Ohio licensed lenders] or to a person that solicits, arranges, finds, or brokers loans made or credit extended by such exempt entities.

We will continue to follow Ohio S.B. No 269 that will clarify in the statute the long standing interpretation of the Ohio Small Loan Act. If you have questions regarding the interpretation of the statutory language or the Division's position(s), please contact us. □

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