



## OHIO MORTGAGE BANKERS ASSOCIATION

Chairman Dolan and Ranking Member Sykes, my name is Marianne Collins and I am the Executive Director and COO for the Ohio Mortgage Bankers Association. The Ohio Mortgage Bankers Association is a trade association representing the real finance industry. Our more than 100 company members consist mostly of independent mortgage bankers, banks, and credit unions. Our members employ thousands of individuals in the state of Ohio. Our concern is treatment of the independent mortgage banking company, in regards to payment of the Commercial Activity Tax (CAT).

Because mortgage banking companies do not have depositors, the funds they lend in a real estate transaction are borrowed on the warehouse credit line. After the loan is made, the lender delivers that loan into the secondary market, and is paid by the investor for the future value of the interest collected and/or servicing income generated. When the loan is sold, the lender must repay the funds borrowed from the credit line.

Example: Lender borrows \$200,000 to lend to a consumer. After the loan closes, the lender delivers the loan into the secondary market and is paid \$206,000 for the loan by the investor. The first \$200,000 pays back the funds that the lender borrowed from their credit line, and the remaining \$6,000 is gross profit to the lender.

Because the state of Ohio includes mortgage bankers in the CAT tax payment category, the lender is taxed on the \$206,000 in the above example, rather than the \$6,000 gross profit that was generated from the sale of the loan. Because mortgage bankers provide the same lending function as banks and credit unions, we believe that they should be subject to the same tax treatment as banks and credit unions, The Financial Institution Tax (FIT), rather than the Commercial Activity Tax.

Thank you for the opportunity to comment.