



## OHIO MORTGAGE BANKERS ASSOCIATION

August 31, 2020

Chairman Hackett, Vice Chairman Hottinger and ranking member Craig, thank you for the opportunity to speak in favor of amendments to Substitute House Bill 38. I am Jay Pascoe, Executive Director and Chief Operating Officer for the Ohio Mortgage Bankers Association, a statewide trade association. Our members are independent mortgage bankers, banks, credit unions and industry partners.

House Bill 199 became effective in March of 2018. The bill made badly needed modernization changes to the licensing of mortgage brokers and mortgage bankers contained in sections 1321 and 1322 of the Ohio Revised Code. The bill was supported by the Ohio Mortgage Bankers Association. One year later, HB 489 became effective. This legislation required all non-bank mortgage servicers to obtain a certificate of registration from the State of Ohio. It was also supported by the Ohio Mortgage Bankers Association. House Bill 38 represents a number of technical corrections to both of these pieces of legislation. Some of those changes are as follows.

This amendment brings state licensing requirements in line with federal regulation, by clarifying that applicants will satisfy state licensing requirements through use of the national multi-state licensing system (NMLS) for application, renewal, amendment or surrender of a license.

The bill clarifies the definition of a loan processor and loan underwriter, so as not to be confused with a loan originator, as long as they do not offer or negotiate loan rates or terms, or counsel borrowers about residential loan rates or terms. In the licensing of mortgage loan originators, it was never the intent of the Department to license clerical and technical staff. But the broad definition of a loan originator could be interpreted as including staff other than loan originators.

HB 38 clarifies that a mortgage lender, broker or services do not need a physical office located in the state of Ohio, as long as they maintain an office in any state of the United States.

Upon enactment of this legislative, entities applying for a certificate of registration will be required to supply information on sole proprietors, all partners, and corporate shareholders with an interest of five percent or more.

The legislation gives the superintendent the ability to determine what industry experience meets the 3-year requirement for an operations manager, and what steps a registrant must take when the operations manager leaves the company.

Current language, enacted earlier through HB 489, makes it mandatory for any person (defined as both an individual and/or a business) that services mortgage loans to obtain a certificate of registration as a servicer. But there was no de minimis exemption. In other words, a parent loaning their children the money to buy a home, and holding just that one mortgage, would be required to register as a loan

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servicer and pay a \$500 fee in the process. The amendment exempts from licensing a person holding 5 or fewer residential mortgage loans.

It is crucial that this amendment become law in order to clarify the intent of previous legislation and clear up any confusion created as a result. OMBA would like to thank the Ohio Department of Commerce, and Representative Hilyer, who we worked closely with to make these technical but necessary changes.

Again, I thank you for the opportunity to testify, and am happy to answer any questions.