



To: Chairman Hackett and members of the Senate Insurance and Financial Institutions Committee

From: Jonithon LaCross, Sr. Legislative Liaison, Ohio Department of Commerce

Date: November 10, 2020

Re: House Bill 38 Amendment Description

Prior to HB 199 (Blessing, 132nd G.A.), non-depository mortgage lenders, known as Mortgage Bankers, and Mortgage Brokers were subject to two different statutes in the Ohio Revised Code. HB 199 consolidated them into one chapter.

Since the passage of HB 199 (Blessing) the Department of Commerce has worked with the Mortgage Brokers Association to put together a list of technical fixes that would help clarify the statute for the benefit of both stakeholders and the regulator. Most of the clarifying changes were included in Substitute House Bill 38 which was accepted in the House. However, the parties identified a few more items that were inadvertently left out of the sub-bill.

In conjunction with Representative Hillyer and interested parties, the Ohio Department of Commerce worked with Chairman Hackett's office to introduce the remaining language in Senate Insurance and Financial Institutions Committee on 09/22/2020. The amendment language does the following:

- Revises several existing definitions to better clarify activity exempt from licensure and to more accurately reflect industry practices;
- Provides for consistent terminology between definitions and throughout the RMLA;
- Extends the proposed de minimis threshold for mortgage servicing activity (more than five mortgage loans) for which a person must be registered to mortgage originating and mortgage brokering activity;
- Clarifies that, in addition to the applicant, controlling persons must provide certain background information to the Nationwide Multistate Licensing System;
- Eliminates outdated references to statutory requirements eliminated by House Bill 199;



Department of Commerce

Mike DeWine, Governor
Jon Husted, Lt. Governor

Sheryl Maxfield, Director

- Eliminates the prior experience exemption for mortgage servicer operations managers, as proposed HB 38 provides the Division with previously existing discretion to consider other related experience;
- Increases the minimum surety bond requirement for registrants engaged exclusively in mortgage servicing from \$50,000 to \$150,000;
- Repeals temporary loan originator licensing provisions due to federal law preemption;
- Provides the Division of Financial Institutions the authority to charge when an in-person examination is deemed necessary for any registrant maintaining records out-of-state;
- Provides previously existing prohibitions on third-party kickbacks.

Overall, the language will remove unnecessary barriers facing the mortgage industry, allow for proper regulation by the Ohio Department of Commerce, and provide safe and open access to products for the citizens of Ohio.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonithon LaCross". The signature is stylized with a large, sweeping flourish that extends to the right.

Jonithon LaCross
Sr. Legislative Liaison
Ohio Department of Commerce