



## OHIO MORTGAGE BANKERS ASSOCIATION

March 4, 2021

Chairman Jordan, Vice Chairman Fergusson and Ranking Member Crossman, members of the Financial Institutions Committee, thank you for the opportunity to speak in favor of House Bill 133. My name is Jay Pascoe, I am the Executive Director and Chief Operating Officer for the Ohio Mortgage Bankers Association, a statewide trade association whose members are independent mortgage bankers, banks, credit unions and industry partners.

For background, House Bill 199 became effective in March of 2018. The bill made badly needed modernization changes to the licensing of mortgage bankers and mortgage brokers contained in sections 1321 and 1322 of the Ohio Revised Code. The bill was supported by the Ohio Mortgage Bankers Association (OMBA). Then, 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 OMBA. Since then, OMBA has been working to make needed corrections and clarifications and is why I am here again today in support of House Bill 133. Some of those changes are as follows.

This bill 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.

Additionally, in the licensing of mortgage loan originators, it was never the intent of the Department to license clerical and technical staff. However, the broad definition of a loan originator in the current legislation could be interpreted as including staff other than loan originators simply because parts of their jobs are similar. This 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, thus exempting them from having to be licensed.

Further, 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 in determining licensing.

Upon enactment of this legislation, 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.



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

We are living in an electronic world and the pandemic has certainly pushed the norms of how companies conduct business. Today, we conduct business in our home offices, our cars, at coffee shops – just about anywhere you can get Wi-Fi service. HB 133 clarifies that a mortgage lender, broker or servicer do not need a physical office located in the state of Ohio, as long as they maintain an office in any state in the U.S.

OMBA believes it is crucial that HB 133 pass through the legislature and becomes law in order to clarify the intent of previous legislations and clear up any confusion created as a result. We live and work in a different world then just a few years ago in 2018 when we first started down this path of modernization to the Ohio Revised Code. Even within the last 12 months much has changed in how we now conduct business. This bill addresses the necessary changes needed to reflect the new business models in place today. 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.