



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Fiscal Note & Local Impact Statement

**Bill:** H.B. 199 of the 132nd G.A.

**Status:** As Reported by Senate Insurance & Financial Institutions

**Sponsor:** Rep. Blessing

**Local Impact Statement Procedure Required:** No

**Subject:** Creates the Ohio Residential Mortgage Lending Act

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### State Fiscal Highlights

- **Department of Commerce – Division of Financial Institutions.** The bill makes changes to the existing Mortgage Loan Law and creates the Ohio Residential Mortgage Lending Act (RMLA) based on existing R.C. Chapter 1322. Mostly, the bill continues the same registration, licensure, and investigation fees as under current law. The Consumer Finance Section of the Division of Financial Institutions would oversee the provisions in the bill.
- **Current mortgage banker registration exemption.** The bill eliminates the exemption of mortgage bankers from the registration requirements that otherwise apply to individuals in the mortgage industry under current R.C. Chapter 1322. The current annual exemption fee is \$350 per each location maintained by the applicant. Under the bill, the annual registration fee is \$500. Consequently, there would be a \$150 per registration gain in annual fee revenue deposited into the Consumer Finance Fund (Fund 5530). In FY 2016, there were 570 mortgage bankers who paid the annual \$350 exemption fee.

### Detailed Fiscal Analysis

#### Overview

The bill limits the application of the existing Mortgage Loan Law to unsecured loans, and loans secured by other than residential real estate or a dwelling. Conversely, nondepository lenders that make loans secured by real estate would instead be governed by the proposed Ohio Residential Mortgage Lending Act (RMLA). RMLA is based on existing R.C. Chapter 1322., which regulates mortgage brokers and loan originators. The responsibility for overseeing the provisions contained in the bill would fall to the Consumer Finance Section of the Division of Financial Institutions within the Department of Commerce.

## Fiscal effects

The RMLA is based on the existing Mortgage Loan Law and continues to have the same registration, license, and investigation fees as under current law. These fees are deposited into the Consumer Finance Fund (Fund 5530). Under the bill, registrants (mortgage lenders and brokers) and licensees (mortgage loan originators) that would fall under the proposed RMLA registration and licensure requirements are currently being licensed under the existing Mortgage Loan Law or existing R.C. Chapter 1322. Consequently, with one exception, the changes under this part of the bill would not have any effect on operating costs of the Consumer Finance Section of the Division of Financial Institutions or the fees collected for registering mortgage lenders and brokers or licensing mortgage loan originators.

However, the exception is the way mortgage bankers would be handled under the bill. Under current law, mortgage bankers are exempt from registering under R.C. Chapter 1322. and pay a \$350 annual fee per location. The bill eliminates the exemption, meaning that mortgage bankers would most likely register under the proposed RMLA. The registration application and annual renewal fee under the RMLA is \$500. Thus, there could be a slight increase in revenue deposited into Fund 5530. As shown in the table below, there were 570 mortgage bankers that applied for the exemption in FY 2016. If that many mortgage bankers were to register under the bill, it would increase revenue deposited into Fund 5530 by over \$85,000 (570 mortgage bankers x \$150 annual fee difference). Additionally, the table displays the number of exemptions, licenses, and registrations that are currently regulated under the Mortgage Loan Law and R.C. Chapter 1322. and are affected by the bill.

<b>Exemptions, Licenses, and Registrations Affected by H.B. 199, FY 2014-FY 2016</b>				
<b>Exemption, License, or Registration</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Annual Fee</b>
Loan Originator License (active)	4,751	6,300	7,932	\$150
Loan Originator License (temporary)	3	0	0	\$150
Exemption of Mortgage Banker	389	471	570	\$350
Mortgage Broker Registration	538	640	698	\$500
Mortgage Loan Originator License (active)	2,196	3,010	4,453	\$150
Mortgage Loan Originator License (temporary)	0	1	0	\$150
OMLA Registration	1,439	1,641	1,644	\$300
<b>TOTAL</b>	<b>3,123</b>	<b>4,122</b>	<b>5,721</b>	