



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 133
134th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 133's Bill Analysis](#)

Version: As Reported by Senate Financial Institutions and Technology

Primary Sponsor: Rep. Hillyer

Local Impact Statement Procedure Required: Yes

Shannon Pleiman, Senior Budget Analyst

Highlights

- **Ohio Residential Mortgage Lending Act.** The bill may minimally increase the number of mortgage lenders, servicers, or brokers registered under the Ohio Residential Mortgage Lending Act overseen by the Department of Commerce. The annual registration fee is \$500 per office location and deposited into the Consumer Finance Fund (Fund 5530).
- **GrowNOW.** The bill removes specific interest rate requirements under the Treasurer of State's existing business linked deposit program, or GrowNOW. Each linked deposit marginally reduces GRF revenue by the difference between investment earnings at the linked deposit rate and counterfactual investment earnings at the market interest rate.

Detailed Analysis

The bill makes several changes to various laws and programs including the Ohio Residential Mortgage Lending Act, the business linked deposit program (GrowNOW) overseen by the Treasurer of State. The bill also changes the process by which commercial credit reports are handled. The fiscal effects of these provisions are discussed below. Many of the provisions in the bill do not have any fiscal effects on the state or political subdivisions. For more detail on all of the bill's provisions, please consult the LSC bill analysis.

Ohio Residential Mortgage Lending Act

The bill makes several changes to the Ohio Residential Mortgage Lending Act (ORMLA) overseen by the Department of Commerce. One of the changes eliminates the existing requirements that a mortgage lender, servicer, or broker maintain an office location in the state and instead requires that the office be located in any U.S. state. As a result, the Department anticipates that the number of individuals registered by Ohio as mortgage lenders, servicers, or brokers may increase by a minimal amount. The annual registration fee is \$500 per office

location. These fees are deposited into the Consumer Finance Fund (Fund 5530). In FY 2020, there were over 2,000 registrants.

The bill also revises certain conditions under which people who sell manufactured homes, mobile homes, and industrialized units are exempt from registration and licensure requirements under the ORMLA. Specifically, the bill includes manufactured home park operators under this exemption. A current law restriction prohibiting any of the individuals mentioned above from discussing loan rates or terms or helping borrowers with loan applications is removed by the bill. Taken together, these changes could potentially decrease the number of mortgage loan originator licensees by an unknown amount. The annual license fee is \$150 and deposited into Fund 5530.

The other changes the bill makes to the ORMLA do not appear to have a fiscal effect on the Department. Among these changes include (1) eliminating the temporary mortgage loan originator license and (2) exempting entities making fewer than five residential mortgage loans annually from the ORMLA. According to the Department, one temporary license was issued in FY 2020 and currently there are no such active licenses.

GrowNOW

The bill modifies statutes governing the Treasurer of State's (TOS) existing business linked deposit program, or GrowNOW. In concept, a linked deposit program encourages a financial institution to issue reduced-interest loans to targeted groups by agreeing to commit the deposit of state funds into the financial institution at a below-market interest rate.

The GrowNOW Program reduces interest rates paid by participating small businesses on loans under \$400,000 in value. Under existing law, the interest rate reduction is set at either 2.1% or 3.0%, depending on the loan's current market interest rate; under the bill, the interest rate reduction offered on these loans would be placed under the discretion of the TOS. Each linked deposit marginally reduces GRF revenue by the difference between investment earnings at the linked deposit rate and counterfactual investment earnings at the market interest rate. The portfolio value of the GrowNOW Program was \$23.8 million as of November 2020.

Provisions with no apparent fiscal effect

The bill also contains provisions related to contracts consumers have with credit services organizations and the ability of a business to obtain credit reports from commercial credit reporting agencies. Neither provision appears to have any fiscal effect. Specifically, the bill modifies the allowable duration of a contract that a credit services organization has to provide services to a consumer from a current law limit of 60 days to 12 months as long as certain criteria are met. Credit services organizations offer credit repair and debt counseling advice and services. Currently, there are 24 credit services organizations licensed by the Department of Commerce's Division of Financial Institutions.

The bill also contains a provision requiring a commercial credit reporting agency to provide a credit report to a business that is the subject of the report, when requested, at no greater cost than what is charged to third parties. It also establishes a procedure by which such a business may dispute information contained in a credit report. There is no apparent fiscal effect related to this provision.

Lastly, the bill establishes that the statute of limitations for legal malpractice claims relating to an opinion of title (an attestation to the validity of a title deed to a parcel of property) issued prior to June 16, 2021, is one year after the cause of action accrued without regard to when the alleged basis of the claim occurred. The bill declares an emergency as it regards this provision, meaning that this particular change to R.C. 2305.117 goes into effect immediately.