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S.B. 264*
134th General Assembly

Bill Analysis

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Version: As Reported by House Financial Institutions

Primary Sponsor: Sen. Brenner

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SUMMARY

- Permits the employees of a registered mortgage lender, servicer, or broker, or employees of an entity exempted from registration, to work remotely if certain conditions are met.
- Authorizes the Superintendent of Financial Institutions to charge a registrant or entity an annual fee of up to \$25 per remote location to cover the costs associated with administering the bill's provisions.
- Permits employees of a Consumer Installment Loan Act licensee to work remotely, if the licensee follows specified protocols.

DETAILED ANALYSIS

The bill authorizes employees of mortgage companies and other entities that employ licensed mortgage personnel and employees of a Consumer Installment Loan Act (CILA) licensee to work from a location other than the licensed place of business (i.e., to work remotely), if certain conditions are met.

Ohio Residential Mortgage Lending Act employees

More specifically, the bill permits a mortgage lender, servicer, or broker that is registered under Ohio's Residential Mortgage Lending Act (RMLA), or an entity exempt from registration (such as a depository institution or a credit union service organization), to allow a licensed mortgage loan originator or any other person associated with the registrant or entity to transact business from a location other than the registrant's or entity's principal office or a

* This analysis was prepared before the report of the House Financial Institutions Committee appeared in the House Journal. Note that the legislative history may be incomplete.

branch office, if certain conditions are met. A mortgage loan originator is an individual who, for compensation or gain, (1) takes a residential mortgage loan application, (2) assists or offers to assist a buyer in obtaining or applying to obtain a loan by, among other things, advising on loan terms, (3) offers or negotiates terms of a loan, or (4) issues or offers to issue a commitment for a loan to a buyer.

Under the bill, the registrant can allow remote work if all of the following apply:

- The registrant or entity has a written policy governing supervision of the mortgage loan originator or other associated person while the originator or person transacts business on behalf of the registrant or entity from the remote location.
- Access to the registrant's or entity's platform and customer information is in accordance with the registrant's or entity's written information security plan.
- The originator or other person does not interact with a customer at the originator's or person's residence, unless the residence is the registrant's or entity's principal office or a branch office.
- Physical records are not maintained at the remote location.¹

The bill allows the Superintendent of Financial Institutions to charge a registrant or entity an annual fee to cover the costs associated with administering the above provisions. The fee cannot exceed \$25 for each remote location. Under continuing law, a registrant or entity exempt from registration must, through its operations manager or otherwise, supervise the mortgage loan originator or other person, as well as establish procedures to avoid violations of the RMLA by the originator or other person.²

Consumer Installment Loan Act employees

Similarly, the bill authorizes employees of a Consumer Installment Loan Act (CILA) licensee to work from a remote location.³ The CILA licensee must comply with the following protocols, if it allows employees to work remotely:

- Ensure that in-person customer interactions are conducted only at a licensed place of business;
- Maintain appropriate safeguards for licensee and consumer data, information, and records, including the use of secure virtual private networks where appropriate;
- Employ appropriate risk-based monitoring and oversight processes of work performed from a remote location and maintains records of such work;
- Ensure consumer information and records are not maintained at a remote location;

¹ R.C. 1322.43(C)(1) and R.C. 1322.01, not in the bill.

² R.C. 1322.43 and R.C. 1322.29, not in the bill.

³ R.C. 1321.691(A) and (B).

- Ensure consumer and licensee information and records remain accessible and available for regulatory oversight and exams;
- Provide appropriate employee training to keep all conversations about, and with, consumers conducted from a remote location confidential, as if conducted from a commercial location, and to ensure remote employees work in an environment conducive and appropriate to that confidentiality;
- Keep a record of all remote locations that are being used, in the form of city, state, and type of location, and makes a list of those locations available to the Superintendent of Financial Institutions upon request.⁴

HISTORY

Action	Date
Introduced	11-16-21
Reported, S. Financial Institutions and Technology	03-30-22
Passed Senate (32-1)	03-30-22
Reported, H. Financial Institutions	---

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⁴ R.C. 1321.691(B)(1) to (7).