Ohio Legislative Service Commission

Bill Analysis

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S.B. 333
129th General Assembly
(As Introduced)

Sens. Obhof, Beagle, Coley, LaRose, Seitz

BILL SUMMARY

- Permits the Superintendent of Financial Institutions to issue two types of temporary licenses – a temporary loan originator license and a temporary mortgage loan originator license.
- Permits a registered loan originator or out-of-state loan originator to be issued a temporary loan originator license and, similarly, a registered mortgage loan originator or out-of-state mortgage loan originator to be issued a temporary mortgage loan originator license.
- Enables a temporary licensee to engage in the loan origination business for which the licensee holds the temporary license while the licensee completes the requirements necessary to obtain the appropriate annual license.
- Requires that a licensee have a sponsor who is registered in accordance with current law, employs the licensee, and covers the licensee under its corporate surety bond during the term of the temporary license.
- Creates identical processes by which each license may be issued and revoked.
- Permits the Superintendent to adopt rules in accordance with the Administrative Procedures Act necessary for the implementation and operation of the bill.

CONTENT AND OPERATION

Temporary loan originator and mortgage loan originator licenses

The bill permits the Superintendent of Financial Institutions to issue two types of temporary licenses – a temporary loan originator license and a temporary mortgage

loan originator license. An applicant must meet certain criteria to receive a temporary license. Upon obtaining a license, the temporary licensee would be able to engage in the business for which the licensee holds the temporary license while the licensee completes the requirements necessary under current law to obtain the respective annual license. The bill creates identical processes by which each temporary license may be issued and revoked.

Who is eligible for temporary licensure

The bill permits only (1) a registered loan originator or out-of-state loan originator to be issued a temporary loan originator license, and (2) a registered mortgage loan originator or out-of-state mortgage loan originator to be issued a temporary mortgage loan originator license.[1]

A "registered loan originator" or "registered mortgage loan originator" is an individual who is (1) a loan originator or mortgage loan originator, respectively, and is employed by a depository institution, a subsidiary of a depository institution and regulated by a federal banking agency, or an institution regulated by the Farm Credit Administration, and (b) registered with, and maintains a unique identifier through, the Nationwide Mortgage Licensing System and Registry.[2]

An "out-of-state loan originator" or "out-of-state mortgage loan originator" is an individual who (1) holds a valid loan originator license, or mortgage loan originator license, respectively, or comparable authority, issued pursuant to the law of any other state of the United States, and (2) is registered, fingerprinted, and maintains a unique identifier through the Nationwide Mortgage Licensing System and Registry.[3]

Application requirements

The bill requires that an application for each type of temporary license to be in writing, made under oath, in a form that meets the requirements of the Nationwide Mortgage Licensing System and Registry, and include payment of a nonrefundable $100 application fee. The application must also include a certification that, as of the date of application, the applicant meets both of the following conditions:

(1) That the applicant has not had a loan originator license or mortgage loan originator license, as applicable, or comparable authority, revoked in any governmental

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[1] R.C. 1321.537(B) (temporary mortgage loan originator license) and 1322.402(B) (temporary loan originator license).

[2] R.C. 1321.51(S) (not in the bill) and 1322.01(I) (not in the bill).

[3] R.C. 1321.537(A)(1) and 1322.042(A)(1).

jurisdiction – the bill specifies that a subsequent formal vacation of such a revocation is not to be considered a revocation;

(2) That the applicant has not been convicted of, or pleaded guilty or nolo contendere to, either of the following in a domestic, foreign, or military court: (a) during the seven-year period immediately preceding the date of application, a felony, or (b) at any time prior to the date of application, a felony involving an act of fraud, dishonesty, a breach of trust, theft, or money laundering. For the purposes of (2), the bill specifies that any conviction for which the applicant has received a pardon, or that has been expunged, is not to be considered a conviction.[4]

Issuance of temporary license

The bill requires the Superintendent to issue a temporary license to an applicant if the Superintendent finds that all of the following conditions are met:

(1) The application is accompanied by the application fee and the additional certification regarding license revocation and criminal history;

(2) The applicant has been employed for at least two of the immediately preceding ten years as a loan originator or mortgage loan originator, as applicable, in Ohio or any other state;

(3) The applicant is registered, fingerprinted, and has a valid unique identifier through the Nationwide Mortgage Licensing System and Registry as of the date of application;

(4) The applicant has authorized the Nationwide Mortgage Licensing System and Registry to obtain a credit report for submission to the Superintendent;

(5) The applicant has a sponsor that certifies employment of the applicant and has signed the application (see "**Sponsorship**" below).[5]

Upon obtaining a temporary license, the licensee would be able to engage in the business for which the licensee holds the temporary license while the licensee completes the requirements necessary under current law to obtain a loan originator or mortgage loan originator license, as applicable. A temporary license is valid for a term of at least 120 days.[6]

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[4] R.C. 1321.537(C) and 1322.042(C).

[5] R.C. 1321.537(D) and 1322.042(D).

[6] R.C. 1321.52(E)(3), 1321.537(B), 1322.02(B)(3), and 1322.042(B).

Sponsorship

The bill requires the sponsor of a temporary licensee to be responsible for the activities of the licensee within the scope of the licensee's employment during the term of the temporary license. The sponsor must be registered with the Division of Financial Institutions in accordance with current law, employ the temporary licensee and, during the term of the license, cover the licensee under its corporate surety bond. If the temporary licensee's employment with the sponsor is terminated, the sponsor must notify the Division of Financial Institutions, by registered mail return receipt requested, of the termination. Upon the Division's receipt of the notice, the sponsor is no longer to be held responsible for the activities of the temporary licensee.[7]

Temporary license revocation

In accordance with the Administrative Procedures Act (R.C. Chapter 119.), the bill permits the Superintendent to revoke a temporary license if the Superintendent finds that (1) the licensee no longer meets the conditions necessary for the temporary licensure, or (2) the licensee made a substantial misrepresentation in the license application.[8]

Rule-making authority

The bill permits the Superintendent of Financial Institutions to adopt rules in accordance with the Administrative Procedures Act necessary for the implementation and operation of the temporary loan originator and temporary mortgage loan originator license provisions.[9]

HISTORY

ACTION	DATE
Introduced	04-24-12

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[7] R.C. 1321.537(A)(2) and (E) and 1322.042(A)(2) and (E).

[8] R.C. 1321.537(F) and 1322.042(F).

[9] R.C. 1321.537(G) and 1322.042(G).