Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: S.B. 333 of the 129th G.A.

Date: May 9, 2012

Status: As Introduced

Sponsor: Sen. Obhof

Local Impact Statement Procedure Required: No

Contents: Allows for the issuance of a temporary loan originator license and a temporary mortgage loan originator license under certain circumstances

State Fiscal Highlights

- The bill enables the Division of Financial Institutions within the Department of Commerce to issue two types of temporary licenses, one for loan originators and another for mortgage loan originators. An application fee of $100 applies for each type of temporary license. The revenue from the fees would be deposited into the Consumer Finance Fund (Fund 5530).
- Any increase in costs the Division incurs would be offset by the additional revenue. It is difficult to estimate the amount of additional licenses that will be issued under the bill, since the volume would depend largely on the loan market in Ohio and nationally.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill enables the Department of Commerce's Division of Financial Institutions to issue two types of temporary licenses, specifically a loan originator license and a mortgage loan originator license. The application fee for both license types is $100, to be deposited into the Consumer Finance Fund (Fund 5530). Any minimal increase in costs the Division of Financial Institutions incurs for processing the temporary licenses under the bill would be offset by the increased revenue. Further detail concerning the potential fiscal effects of the bill is provided below.

The Division of Financial Institutions currently issues permanent licenses to individuals who are employed by Ohio-regulated mortgage companies, while employees of federally regulated companies are registered with the Nationwide Mortgage Licensing System and Registry. The temporary licenses issued under the bill would likely be used in two cases: (1) when a federally regulated company ceases loan originating operations, and subsequently the loan originator employee finds alternative employment with an Ohio-regulated mortgage company to continue practicing loan origination or (2) when an out-of-state loan originator relocates to an Ohio-regulated mortgage company to practice in Ohio. The bill specifies that the temporary licenses are to last for at least 120 days, and allows the Superintendent of Financial Institutions to adopt rules to operate the licensing provisions. Presumably, the rules would specify the maximum duration of the temporary license, but the temporary license would likely last as long as it takes to apply for and receive a permanent license.

Conditions in the overall loan market in Ohio and nationally will affect the number of temporary licenses applied for under the bill. As a result, it is difficult to estimate the number of additional licenses and amount of additional revenue that might be deposited into Fund 5530 because of the bill. According to the Department of Commerce's web site, there are currently 3,494 active loan originator licenses and 1,140 mortgage loan originator licenses in Ohio. If the bill increased the number of licenses processed by 10%, the gain in license revenue would be approximately $46,000 (approximately 460 additional licenses x $100). However, as stated above, the effect of revenue will ultimately depend on market conditions.

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