*Tom Middleton*

# Fiscal Note & Local Impact Statement

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

**Date**: October 3, 2012

**Status**: As Passed by the Senate

**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 to an out-of-state applicant who meets certain criteria

## 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 applies for each type of temporary license, to be determined by the Superintendent of Financial Institutions. 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 from the license fees. 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 permits 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 to be determined by the Superintendent of Financial Institutions. The revenue from the fees would 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 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 120 days, and states that the temporary licenses may not be renewed. Finally, the bill allows the Superintendent of Financial Institutions to adopt rules to implement and operate the licensing provisions.

Conditions in the overall loan market in Ohio and nationally will affect the number of temporary licenses applied for under the bill. In addition, the license application fee amounts will be established by rule. 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 3,938 active loan originator licenses and 1,187 mortgage loan originator licenses in Ohio.

*SB0333SP / jc*