

*** DRAFT - NOT YET FILED ***

TO BE RESCINDED

1301:8-7-14 **Surety bonds.**

- (A) A certificate of registration shall not be issued until the applicant for a mortgage broker certificate of registration obtains a corporate surety bond that complies with section 1322.05 of the Revised Code and the provisions of this rule.
- (B) Each applicant for a mortgage broker certificate of registration shall obtain and each registrant shall continuously maintain a corporate surety bond that complies with the following:
- (1) The surety bond shall be on the form prescribed by the division of financial institutions.
 - (2) The surety bond must be issued by a bonding company authorized to do business in this state, pursuant to division (A) of section 1322.05 of the Revised Code.
 - (3) The surety bond must be issued in the name of the applicant or registrant, and at the main office of the applicant or registrant. If the applicant or registrant uses a trade or alternative business name in compliance with rule 1301:8-7-22 of the Administrative Code, the trade or alternative name(s) shall be included on the bond.
 - (4) The term of the surety bond shall coincide with the term of registration, which runs from the first day of May to the thirtieth day of April. A bond may be issued for a period of more than one registration period, as long as the coverage is continuous and does not expire until the end of a registration period.
 - (5) The surety bond shall be in favor of the superintendent of financial institutions, and shall be for the exclusive benefit of any buyer injured by a violation by an employee, licensee, or registrant of any provision of sections 1322.01 to 1322.12 of the Revised Code.
 - (6) If the registrant or applicant has one registered location, the penal sum of the bond shall be at least fifty-thousand dollars. For each registered branch office location, the bond shall be increased by at least ten thousand dollars. One surety bond in the appropriate aggregate amount shall be accepted, regardless of the number of registered offices. An endorsement rider may be used to

increase the amount of the bond when an additional office location becomes registered.

- (C) Surety bonds required as a condition for registration under section 1322.05 of the Revised Code, shall be continuously maintained. Should a lapse in coverage occur, in compliance with division (F) of section 1322.05 of the Revised Code, the registrant shall cease all mortgage broker activity governed by Chapter 1322. of the Revised Code until the registrant can present to the superintendent of the division of financial institutions evidence that the registrant has obtained a proper surety bond which extends through the duration of the registration period.

A registrant that experiences a lapse in or break in coverage of its surety bond shall present evidence which satisfies the superintendent that the registrant conducted no mortgage broker or origination activities during the period in question.

Failure to obtain a surety bond that complies with section 1322.05 of the Revised Code and the provisions of this rule within sixty days of the first date of a lapse in coverage, or engaging in any mortgage broker activity governed by Chapter 1322. of the Revised Code without a proper bond in place, is grounds for revocation of the registrant's certificate of registration.

- (D) Whenever the penal sum of the surety bond is reduced for any reason, in compliance with division (F) of section 1322.05 of the Revised Code, the registrant shall cease all mortgage broker activity governed by Chapter 1322. of the Revised Code until the registrant can restore the bond to the full required value.

Failure to obtain a surety bond that complies with section 1322.05 of the Revised Code and the provisions of this rule within sixty days of the first date the penal sum of the bond was reduced, or engaging in any mortgage broker activity governed by Chapter 1322. of the Revised Code without a proper bond in place, is grounds for revocation of the registrant's certificate of registration.

Effective:

Five Year Review (FYR) Dates:

Certification

Date

Promulgated Under:	119.03
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