



Department of Commerce

Division of Financial Institutions

John R. Kasich, Governor
Jacqueline T. Williams, Director

THIRD PARTY PROCESSING/UNDERWRITING COMPANIES AND 501(c)(3) NONPROFIT COMPANIES

Ohio is promulgating new rules, <http://codes.ohio.gov/oac/1301:8-7-31> and <http://codes.ohio.gov/oac/1301:8-7-32>, effective January 4, 2016, that will create two new exemptions under the Ohio Mortgage Broker Act (OMBA). Both exemptions will require filings via the NMLS and will be available on the NMLS on, or about, November 1, 2015. Approvals of the exemptions will not be issued until January 4, 2016.

The first exemption is for 501(c)(3) nonprofit organizations whose primary activity is the construction, remodeling, or rehabilitation of homes for use by low income families, provided the nonprofit organization makes no profit mortgage loans or mortgage loans at zero per cent interest to low income families, and no fees accrue directly to the nonprofit organization from those mortgage loans. Branch locations of the 501(c)(3) company that are engaging in Ohio related transactions will also be able to submit an MU3 filing via the NMLS. Companies and branches seeking this exemption will only pay NMLS user fees – no Ohio fee is required. In conducting its review of applications for this exemption, the Division will confirm the company's 501(c)(3) status, confirm the company has made the applicable filing with the Ohio Secretary of State, and that the company has submitted the Ohio attestation.

Generally, the second exemption is for third party processing and/or underwriting companies which perform only clerical or support duties for one or more unaffiliated, consumer finance or depository institutions. Third party processing and/or underwriting companies will need to have one Ohio licensed OMBA loan originator. It will not be necessary for branch locations of third party processing and/or underwriting companies to submit an MU3 via the NMLS – only the main office location need file. Companies seeking this exemption will only pay NMLS user fees – no Ohio fee is required. In conducting its review of applications for this exemption, the Division will confirm the company has made the applicable filing with the Ohio Secretary of State, that the company has submitted a \$50,000 surety bond on the Ohio specific bond form, and submitted the Ohio attestation.

Upon receipt and review of complete applications, the Division will issue letters of exemption for the companies to display.

Those companies with 501(c)(3) status and third party processing and/or underwriting companies that currently hold either an OMBA or Ohio Mortgage Loan Act registration will be notified of the availability of the new exemptions, and the steps that may be taken to "change" from their current filing type to the new exemptions.

Please contact the Division's Consumer Finance Licensing Section at webdfi-cf@com.state.oh.us should you have questions regarding the upcoming exemptions.