



House Bill 489 Servicing Changes FAQ

House Bill 489 was recently passed by the Ohio Legislature. H.B. 489 amends the Ohio Residential Mortgage Lending Act (RMLA) to require companies that engage in mortgage servicing to obtain a Certificate of Registration.

Provided below is the division's implementation guidance concerning this new requirement.

Questions can be directed to the division by emailing webdfi-cf@com.state.oh.us. Individuals are encouraged to review all the questions and answers below, as well as the new law before reaching out to the division. The division is currently facing a significantly increased workload to implement this new law and a separate new law concerning short-term loans, therefore, there may be some delay in responding to inquiries.

Q: When does the new requirement for companies that service residential mortgage loans to obtain a Certificate of Registration under the RMLA go into effect?

A: The effective date is not yet available from the Ohio Secretary of State's website. The division will not take action against companies that submit applications before the end March 2019 for unlicensed activity even if the division is not able to complete the registration process before the law becomes effective. If your company will need a Certificate of Registration under the new law, please apply via [NMLS](#) before the end of March 2019.

Q: My company services residential mortgage loans in Ohio and we do not currently hold an RMLA Certificate of Registration, where we do apply?

The division takes applications for the RMLA Certificate of Registration through the [NMLS](#). Please review the requirements contained in the RMLA Certificate of Registration checklist before applying. Nearly all the required items are the same for a company that is obtaining an RMLA Certificate of Registration to service residential mortgage loans versus make or broker residential mortgage loans. The [checklist](#) provides details where there are different requirements.

Q: My company services loans and we already hold a Certificate of Registration under the RMLA, do we need to obtain a new license or registration?

No. Companies that already hold a Certificate of Registration under the RMLA do not need to obtain any new or additional licenses or registrations under the new requirement. If mortgage servicing is not listed as a business activity for your company in Ohio in NMLS, please update that information to make it accurate before the end of 2019.

Q: Does my company need to have a physical location in Ohio to service residential mortgage loans?

There are no additional requirements with respect to physical location that are created by the changes in H.B. 489 for companies that hold or seek to obtain a registration under the RMLA. A company that has a physical presence, even if that physical location is not in Ohio, and otherwise meets the requirements for obtaining a registration, will still be permitted to operate under the statute. The amendments do not add any new requirements to conduct business activities physically within Ohio.

Q: My company owns mortgage servicing rights but contracts with a servicer to collect on the loans, so we don't interact with borrowers. Do we need to obtain a Certificate of Registration under the new requirement?

A: Yes. The definition contained in the new law is:

“Mortgage servicer” means an entity that, for itself or on behalf of the holder of a mortgage loan, holds the servicing rights, records mortgage payments on its books, or performs other functions to carry out the mortgage holder’s obligations or rights under the mortgage agreement including, when applicable, the receipt of funds from the mortgagor to be held in escrow for payment of real estate taxes and insurance premiums and the distribution of such funds to the taxing authority and insurance company.¹

A company that holds mortgage servicing rights on its own behalf, but has determined to contract with another entity to service the loan, must still obtain a Certificate of Registration under this definition. The company that contracts to undertake the servicing activity must also obtain a Certificate of Registration.

Q: My company only engages in mortgage servicing and not mortgage origination or mortgage brokering, will we be required to license Mortgage Loan Originators (MLO) and/or have an Operations Manager (also called a Qualifying Individual) to obtain an RMLA Certificate of Registration?

A: A company that only engages in servicing of residential mortgage loans under the RMLA will still be required to name an Operations Manager. That Operations Manager, unlike the Operations Manager for a company that engages in mortgage lending or mortgage brokering, does not need to be a licensed MLO and does not need to have three years of experience as an MLO prior to being designated as the Operations Manager.

¹ R.C. 1322.01(AA), amended in Sub. H.B. No. 489, <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA132-HB-489>