

As Introduced

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H. B. No. 20

Representative Carano

**Cosponsors: Representatives McGregor, J., Healy, Dodd, Okey, Seitz, Collier,
Yuko, Koziura, Brown**

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A B I L L

To amend sections 1322.04 and 1322.041 of the Revised 1
Code to require the Superintendent of Financial 2
Institutions to prorate the renewal fee for a new 3
certificate of registration or license for a 4
mortgage broker or loan officer. 5

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1322.04 and 1322.041 of the Revised 6
Code be amended to read as follows: 7

Sec. 1322.04. (A) Upon the conclusion of the investigation 8
required under division (B) of section 1322.03 of the Revised 9
Code, the superintendent of financial institutions shall issue a 10
certificate of registration to the applicant if the superintendent 11
finds that the following conditions are met: 12

(1) Except as otherwise provided in division (A) of section 13
1322.03 of the Revised Code, the application is accompanied by the 14
application fee. If a check or other draft instrument is returned 15
to the superintendent for insufficient funds, the superintendent 16
shall notify the registrant by certified mail, return receipt 17
requested, that the certificate of registration issued in reliance 18

on the check or other draft instrument will be canceled unless the 19
registrant, within thirty days after receipt of the notice, 20
submits the application fee and a one-hundred-dollar penalty to 21
the superintendent. If the registrant does not submit the 22
application fee and penalty within that time period, or if any 23
check or other draft instrument used to pay the fee or penalty is 24
returned to the superintendent for insufficient funds, the 25
certificate of registration shall be canceled immediately without 26
a hearing, and the registrant shall cease activity as a mortgage 27
broker. 28

(2) If the application is for a location that is a residence, 29
that the applicant has obtained a valid zoning permit authorizing 30
the use of the residence for commercial purposes, or has obtained 31
a valid written opinion or other document issued by the county or 32
political subdivision where the residence is located certifying 33
that the use of the residence to transact business as a mortgage 34
broker is not prohibited by the county or political subdivision. 35
The application also is accompanied by a photograph of each 36
location at which the mortgage broker's business will be 37
transacted. 38

(3) The sole proprietor or the person designated on the 39
application pursuant to division (A)(3) of section 1322.03 of the 40
Revised Code, as applicable, meets the experience requirements 41
provided in division (A)(4) of section 1322.03 of the Revised Code 42
and the education requirements set forth in division (A)(5) of 43
section 1322.03 of the Revised Code. 44

(4) The applicant maintains all licenses and registrations 45
required by the secretary of state. 46

(5) The applicant complies with the surety bond requirements 47
of section 1322.05 of the Revised Code. 48

(6) The applicant complies with sections 1322.01 to 1322.12 49

of the Revised Code. 50

(7) Neither the applicant nor any shareholder, member, 51
partner, operations manager, or employee of the applicant has 52
pleaded guilty to or been convicted of any criminal offense 53
described in division (A)(8) of section 1322.03 of the Revised 54
Code or any violation of an existing or former law of this state, 55
any other state, or the United States that substantially is 56
equivalent to a criminal offense described in that division. 57
However, if the applicant or any of those other persons has 58
pleaded guilty to or been convicted of any such offense other than 59
theft, the superintendent shall not consider the offense if the 60
applicant has proven to the superintendent, by a preponderance of 61
the evidence, that the applicant's or other person's activities 62
and employment record since the conviction show that the applicant 63
or other person is honest, truthful, and of good reputation, and 64
there is no basis in fact for believing that the applicant or 65
other person will commit such an offense again. 66

(8) Neither the applicant nor any shareholder, member, 67
partner, operations manager, or employee of the applicant has been 68
subject to any adverse judgment for conversion, embezzlement, 69
misappropriation of funds, fraud, misfeasance or malfeasance, or 70
breach of fiduciary duty, or, if the applicant or any of those 71
other persons has been subject to such a judgment, the applicant 72
has proven to the superintendent, by a preponderance of the 73
evidence, that the applicant's or other person's activities and 74
employment record since the judgment show that the applicant or 75
other person is honest, truthful, and of good reputation, and 76
there is no basis in fact for believing that the applicant or 77
other person will be subject to such a judgment again. 78

(9) The applicant's operations manager successfully completed 79
the examination required under division (A) of section 1322.051 of 80
the Revised Code. 81

(10) The applicant's financial responsibility, experience, character, and general fitness command the confidence of the public and warrant the belief that the business will be operated honestly and fairly in compliance with the purposes of sections 1322.01 to 1322.12 of the Revised Code.

For purposes of determining whether an applicant that is a partnership, corporation, or other business entity or association has met the conditions set forth in divisions (A)(7), (A)(8), and (A)(10) of this section, the superintendent shall determine which partners, shareholders, or persons named in the application pursuant to division (A)(2) of section 1322.03 of the Revised Code must meet the conditions set forth in divisions (A)(7), (A)(8), and (A)(10) of this section. This determination shall be based on the extent and nature of the partner's, shareholder's, or person's ownership interest in the partnership, corporation, or other business entity or association that is the applicant.

(B) The certificate of registration issued pursuant to division (A) of this section may be renewed annually on or before the thirtieth day of April if the superintendent finds that all of the following conditions are met:

(1) The renewal application is accompanied by a nonrefundable renewal fee of three hundred fifty dollars for each location of an office to be maintained by the applicant in accordance with division (A) of section 1322.02 of the Revised Code; ~~however, an~~ or the prorated renewal fee for each location pursuant to division (D) of this section. An applicant that is registered under sections 1321.51 to 1321.60 of the Revised Code shall not be required to pay a renewal fee. If a check or other draft instrument is returned to the superintendent for insufficient funds, the superintendent shall notify the registrant by certified mail, return receipt requested, that the certificate of registration renewed in reliance on the check or other draft

instrument will be canceled unless the registrant, within thirty 114
days after receipt of the notice, submits the renewal fee and a 115
one-hundred-dollar penalty to the superintendent. If the 116
registrant does not submit the renewal fee and penalty within that 117
time period, or if any check or other draft instrument used to pay 118
the fee or penalty is returned to the superintendent for 119
insufficient funds, the certificate of registration shall be 120
canceled immediately without a hearing and the registrant shall 121
cease activity as a mortgage broker. 122

(2) On and after January 1, 2003, the operations manager 123
designated under division (A)(3) of section 1322.03 of the Revised 124
Code has completed, during the immediately preceding calendar 125
year, at least six hours of continuing education as required under 126
section 1322.052 of the Revised Code. 127

(3) The applicant meets the conditions set forth in divisions 128
(A)(2) to (10) of this section. 129

(4) The applicant's certificate of registration is not 130
subject to an order of suspension or revocation by the 131
superintendent. 132

(C)(1) Subject to division (C)(2) of this section, if a 133
renewal fee is received by the superintendent after the thirtieth 134
day of April, the certificate of registration shall not be 135
considered renewed, and the applicant shall cease activity as a 136
mortgage broker and apply for a certificate of registration as a 137
mortgage broker. 138

(2) Division (C)(1) of this section shall not apply if the 139
applicant, no later than the thirty-first day of May, submits the 140
renewal fee and a one-hundred-dollar penalty to the 141
superintendent. 142

(D) The superintendent shall adopt rules to prorate the first 143
renewal fee for a new certificate of registration based upon the 144

number of months the initial certificate of registration has been 145
in effect prior to the renewal. An applicant is eligible to pay 146
the prorated renewal fee only for the first renewal of the 147
applicant's initial certificate of registration. 148

(E) If the person designated as the operations manager 149
pursuant to division (A)(3) of section 1322.03 of the Revised Code 150
is no longer the operations manager, the registrant shall do all 151
of the following: 152

(1) Designate another person as the operations manager; 153

(2) Within ten days after the designation described in 154
division (D)(1) of this section, notify the superintendent in 155
writing of the designation; 156

(3) Submit any additional information that the superintendent 157
requires to establish that the newly designated operations manager 158
complies with the experience requirements set forth in division 159
(A)(4) of section 1322.03 of the Revised Code. 160

Sec. 1322.041. (A) Upon the conclusion of the investigation 161
required under division (B) of section 1322.031 of the Revised 162
Code, the superintendent of financial institutions shall issue a 163
loan officer license to the applicant if the superintendent finds 164
that the following conditions are met: 165

(1) The application is accompanied by the application fee. If 166
a check or other draft instrument is returned to the 167
superintendent for insufficient funds, the superintendent shall 168
notify the licensee by certified mail, return receipt requested, 169
that the license issued in reliance on the check or other draft 170
instrument will be canceled unless the licensee, within thirty 171
days after receipt of the notice, submits the application fee and 172
a one-hundred-dollar penalty to the superintendent. If the 173
licensee does not submit the application fee and penalty within 174

that time period, or if any check or other draft instrument used 175
to pay the fee or penalty is returned to the superintendent for 176
insufficient funds, the license shall be canceled immediately 177
without a hearing, and the licensee shall cease activity as a loan 178
officer. 179

(2) The applicant complies with sections 1322.01 to 1322.12 180
of the Revised Code. 181

(3) The applicant has not been convicted of or pleaded guilty 182
to any criminal offense described in division (A)(2) of section 183
1322.031 of the Revised Code and the applicant has not pleaded 184
guilty to or been convicted of a violation of an existing or 185
former law of this state, any other state, or the United States 186
that substantially is equivalent to a criminal offense described 187
in that division. However, if the applicant has been convicted of 188
or pleaded guilty to any such offense other than theft, the 189
superintendent shall not consider the offense if the applicant has 190
proven to the superintendent, by a preponderance of the evidence, 191
that the applicant's activities and employment record since the 192
conviction show that the applicant is honest, truthful, and of 193
good reputation, and there is no basis in fact for believing that 194
the applicant will commit such an offense again. 195

(4) The applicant has not been subject to an adverse judgment 196
for conversion, embezzlement, misappropriation of funds, fraud, 197
misfeasance or malfeasance, or breach of fiduciary duty, or, if 198
the applicant has been subject to such a judgment, the applicant 199
has proven to the superintendent, by a preponderance of the 200
evidence, that the applicant's activities and employment record 201
since the judgment show that the applicant is honest, truthful, 202
and of good reputation, and there is no basis in fact for 203
believing that the applicant will be subject to such a judgment 204
again. 205

(5) The applicant successfully completed the examination 206

required under division (B) of section 1322.051 of the Revised Code and the education requirements set forth in division (A)(4) of section 1322.031 of the Revised Code.

(6) The applicant's character and general fitness command the confidence of the public and warrant the belief that the business will be operated honestly and fairly in compliance with the purposes of sections 1322.01 to 1322.12 of the Revised Code.

(B) The license issued under division (A) of this section may be renewed annually on or before the thirtieth day of April if the superintendent finds that all of the following conditions are met:

(1) The renewal application is accompanied by a nonrefundable renewal fee of one hundred dollars or the prorated renewal fee pursuant to division (D) of this section. If a check or other draft instrument is returned to the superintendent for insufficient funds, the superintendent shall notify the licensee by certified mail, return receipt requested, that the license renewed in reliance on the check or other draft instrument will be canceled unless the licensee, within thirty days after receipt of the notice, submits the renewal fee and a one-hundred-dollar penalty to the superintendent. If the licensee does not submit the renewal fee and penalty within that time period, or if any check or other draft instrument used to pay the fee or penalty is returned to the superintendent for insufficient funds, the license shall be canceled immediately without a hearing, and the licensee shall cease activity as a loan officer.

(2) On and after January 1, 2003, the loan officer has completed, during the immediately preceding calendar year, at least six hours of continuing education as required under section 1322.052 of the Revised Code.

(3) The applicant meets the conditions set forth in divisions (A)(2) to (6) of this section.

(4) The applicant's license is not subject to an order of suspension or revocation by the superintendent. 238
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(C)(1) Subject to division (C)(2) of this section, if a license renewal application or renewal fee is received by the superintendent after the thirtieth day of April, the license shall not be considered renewed, and the applicant shall cease activity as a loan officer. 240
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(2) Division (C)(1) of this section shall not apply if the applicant, no later than the thirty-first day of May, submits the renewal application and fee and a one-hundred-dollar penalty to the superintendent. 245
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(D) The superintendent shall adopt rules to prorate the first renewal fee for a new license based upon the number of months the initial license has been in effect prior to the renewal. An applicant is eligible to pay the prorated renewal fee only for the first renewal of the applicant's initial license. 249
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Section 2. That existing sections 1322.04 and 1322.041 of the Revised Code are hereby repealed. 254
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