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Ohio Residential Mortgage Lending Act Takes Effect Next Week

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The Ohio Residential Mortgage Lending Act (ORMLA) becomes effective on March 23, 2018. Passed in December 2017 ([H.B. 199](#)), the ORMLA consolidates the regulation and licensing of first- and subordinate-lien mortgage loans into the statutory chapter containing the prior Mortgage Broker Act (Ohio Rev. Code § 1322.01, *et seq*). The Ohio Mortgage Loan Act (Ohio Rev. Code § 1321.51, *et seq*), previously applicable to subordinate-lien mortgage loans, will now be limited in scope to unsecured and personal property secured loans, and will be renamed the Ohio General Loan Law.

Due to the consolidation and amended provisions under the ORMLA, various changes have been made to the substantive requirements, scope of licensable activity, and available exemptions from the prior statutes. Notably, the definitions of licensable activity under the ORMLA do not expressly cover servicing or collection activity (whereas the Mortgage Loan Act required a license to collect payments in connection with subordinate-lien mortgage loans). In addition, the prior "mortgage banker exemption" under the Mortgage Broker Act (exempting an entity that makes a mortgage loan and receives a scheduled payment on the loan) is eliminated.

All companies and individuals holding active licenses, registrations, or letters of exemption under the prior Mortgage Broker Act or Mortgage Loan Act, as of March 23, 2018, may continue to conduct business under those approvals or exemptions until they are due for renewal at the end of 2018. Additional guidance can be found in the Ohio regulator's FAQ, linked [here](#).

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