



Ohio Administrative Code

Rule 1301:8-7-31 Nonprofit organizations exemption.

Effective: January 4, 2016

(A) In addition to the criteria set forth in division (G)(2)(i) of section 1322.01 of the Revised Code, a nonprofit organization is exempt from registration if it does all of the following:

(1) Promotes affordable housing or provides homeownership education;

(2) Conducts its activities in a manner that serves the public or charitable purposes, rather than commercial purposes;

(3) Receives funding and revenue and charges fees in a manner that does not incentivize it or its employees to act other than in the best interests of its clients;

(4) Compensates its employees in a manner that does not incentivize employees to act other than in the best interests of its clients; and

(5) Provides or identifies for the borrower residential mortgage loans with terms favorable to the borrower and comparable to mortgage loan and housing assistance provided under government housing assistance programs.

(B) The burden of proving the exemption is on the nonprofit organization.

(C) The nonprofit organization shall submit an application for a letter of exemption via the NMLS for each office where residential mortgage loans are originated for Ohio residents, Ohio property, or from a location physically in Ohio regardless of the location of the borrowers or property. The applicant shall be responsible for any fee required by the NMLS.

(D) The application shall include books, records, and any additional information the superintendent deems necessary to substantiate that the applicant meets the criteria in division (G)(2)(i) of section 1322.01 of the Revised Code and paragraph (A) of this rule. The applicant shall submit



documentation that it has complied with the requirements of 12 C.F.R. 1026.36(f)(3), as in effect on January 12, 2014, for all employees acting as a loan originator for Ohio residents, Ohio property, or from a location physically in Ohio regardless of the location of the borrowers or property. If the superintendent determines that the nonprofit organization has met the aforementioned criteria and requirements, the superintendent shall issue a letter of exemption to the nonprofit organization which shall expire on the thirty-first day of December and may be renewed on or before that date by submitting a renewal application via the NMLS and providing all of the documentation required by this paragraph.

(E) The nonprofit organization shall keep and maintain records of all residential mortgage loan transactions in the same manner as is required of registrants.

(F) The superintendent shall examine the books and records of the nonprofit organization periodically to determine if it continues to meet all of the criteria in division (G)(2)(i) of section 1322.01 of the Revised Code and paragraph (A) of this rule. Examinations shall be conducted in accordance with rule 1301:8-7-13 of the Administrative Code.

(G) If the superintendent determines that the nonprofit organization does not qualify for the exemption, the nonprofit organization shall immediately cease originating residential mortgage loans until such time as it has obtained a certificate of registration. Failure to cease originating residential mortgage loans without a certificate of registration or loan originator license is a violation of Chapter 1322. of the Revised Code and may be subject to administrative, civil and criminal penalties.

(H) An employee of a nonprofit organization that holds a valid letter of exemption is exempt from having to obtain a loan originator license only with respect to his or her work duties to the nonprofit organization and only with respect to residential mortgage loans with terms that are favorable to the borrower.