



## Ohio Revised Code

### Section 1322.05 Credit union service organization or depository institution application for exemption; fee.

Effective: October 16, 2009

Legislation: House Bill 1 - 128th General Assembly

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(A)(1) No registrant shall conduct business in this state, unless the registrant has obtained and maintains in effect at all times a corporate surety bond issued by a bonding company or insurance company authorized to do business in this state. The bond shall be in favor of the superintendent of financial institutions and in the penal sum of one-half per cent of the aggregate loan amount of residential mortgage loans originated in the immediately preceding calendar year, but not exceeding one hundred fifty thousand dollars. Under no circumstances, however, shall the bond be less than fifty thousand dollars and an additional penal sum of ten thousand dollars for each location, in excess of one, at which the registrant conducts business. The term of the bond shall coincide with the term of registration. A copy of the bond shall be filed with the superintendent. The bond shall be for the exclusive benefit of any buyer injured by a violation by an employee of the registrant, loan originator employed by or associated with the registrant, or registrant of any provision of sections 1322.01 to 1322.12 of the Revised Code or any rule adopted thereunder. The aggregate liability of the corporate surety for any and all breaches of the conditions of the bond shall not exceed the penal sum of the bond.

(2)(a) No licensee who is employed by or associated with a person or entity listed in division (G)(2) of section 1322.01 of the Revised Code shall conduct business in this state, unless either the licensee or the person or entity on the licensee's behalf has obtained and maintains in effect at all times a corporate surety bond issued by a bonding company or insurance company authorized to do business in this state. The bond shall be in favor of the superintendent of financial institutions and in the penal sum of one-half per cent of the aggregate loan amount of residential mortgage loans originated in the immediately preceding calendar year, but not exceeding one hundred thousand dollars. Under no circumstances, however, shall the bond be less than fifty thousand dollars. The term of the bond shall coincide with the term of licensure. A copy of the bond shall be filed with the superintendent. The bond shall be for the exclusive benefit of any buyer injured by a violation by the licensee of any provision of sections 1322.01 to 1322.12 of the Revised Code or any rule adopted thereunder. The aggregate liability of the corporate surety for any and all breaches of the conditions



of the bond shall not exceed the penal sum of the bond.

(b) Licensees covered by a corporate surety bond obtained by a registrant, or by a person or entity listed in division (G)(2) of section 1322.01 of the Revised Code, they are employed by or associated with shall not be required to obtain an individual bond.

(B)(1)(a) The registrant shall give notice to the superintendent by certified mail of any action that is brought by a buyer against the registrant, loan originator, or employee alleging injury by a violation of any provision of sections 1322.01 to 1322.12 of the Revised Code or any rule adopted thereunder, and of any judgment that is entered against the registrant, loan originator, or employee by a buyer injured by a violation of any provision of sections 1322.01 to 1322.12 of the Revised Code or any rule adopted thereunder. The notice shall provide details sufficient to identify the action or judgment, and shall be filed with the superintendent within ten days after the commencement of the action or notice to the registrant of entry of a judgment.

(b) The licensee shall give notice to the superintendent by certified mail of any action that is brought by a buyer against the licensee alleging injury by a violation of any provision of sections 1322.01 to 1322.12 of the Revised Code or any rule adopted thereunder, and of any judgment that is entered against the licensee by a buyer injured by a violation of any provision of sections 1322.01 to 1322.12 of the Revised Code or any rule adopted thereunder. The notice shall provide details sufficient to identify the action or judgment, and shall be filed with the superintendent within ten days after the commencement of the action or notice to the licensee of entry of a judgment. A person or entity listed in division (G)(2) of section 1322.01 of the Revised Code that secures bonding for the licensees employed by or associated with the person or entity shall report such actions or judgments in the same manner as is required of registrants.

(2) A corporate surety, within ten days after it pays any claim or judgment, shall give notice to the superintendent by certified mail of the payment, with details sufficient to identify the person and the claim or judgment paid.

(C) Whenever the penal sum of the corporate surety bond is reduced by one or more recoveries or payments, the registrant or licensee shall furnish a new or additional bond under this section, so that the total or aggregate penal sum of the bond or bonds equals the sum required by this section, or



shall furnish an endorsement executed by the corporate surety reinstating the bond to the required penal sum of it.

(D) The liability of the corporate surety on the bond to the superintendent and to any buyer injured by a violation of any provision of sections 1322.01 to 1322.12 of the Revised Code or any rule adopted thereunder shall not be affected in any way by any misrepresentation, breach of warranty, or failure to pay the premium, by any act or omission upon the part of the registrant or licensee, by the insolvency or bankruptcy of the registrant or licensee, or by the insolvency of the registrant's or licensee's estate. The liability for any act or omission that occurs during the term of the corporate surety bond shall be maintained and in effect for at least two years after the date on which the corporate surety bond is terminated or canceled.

(E) The corporate surety bond shall not be canceled by the registrant, the licensee, or the corporate surety except upon notice to the superintendent by certified mail, return receipt requested. The cancellation shall not be effective prior to thirty days after the superintendent receives the notice.

(F) No registrant or licensee employed by or associated with a person or entity listed in division (G)(2) of section 1322.01 of the Revised Code shall fail to comply with this section. Any registrant or licensee that fails to comply with this section shall cease all mortgage broker or loan originator activity in this state until the registrant or licensee complies with this section.