

TO BE RESCINDED

1301:2-3-01            **Activities of service corporations.**

(A) A service corporation organized pursuant to division (B) of section 1151.344 of the Revised Code may perform directly or through one or more wholly-owned subsidiaries the following activities and any activity reasonably incidental thereto:

(1) Originating, investing in, purchasing, selling, servicing, or otherwise dealing in (including brokering and warehousing), any of the following:

- (a) Loans, and participations in loans, on a prudent basis secured by real estate or liens on mobile homes;
- (b) Loans, with or without security, for altering, repairing, improving, equipping, or furnishing real estate;
- (c) Loans to finance the inventory of a dealer in goods to be sold for personal, family, or household purposes;
- (d) Loans for business purposes secured in part by real estate and insured or guaranteed by an agency of the United States;
- (e) Educational loans; or
- (f) Consumer loans. As herein used the term "consumer loan" means a loan to one or more individuals which is either unsecured or which is secured by consumer goods used or bought primarily for personal, family or household purposes.

(2) Performing the following services, primarily for financial institutions:

- (a) Credit information, appraising, construction loan inspection, and abstracting;
- (b) Development and administration of personnel benefit programs, including life insurance, health insurance, and pension or retirement plans;
- (c) Research, studies, and surveys;
- (d) Purchasing or leasing of office supplies, furniture, and equipment;

- (e) Development and operation of storage facilities for microfilm or other duplicate records;
  - (f) Advertising, brokerage and other services to procure and retain both savings accounts and loans;
  - (g) Serving as escrow agent, or as trustee under deeds of trust, including executing and delivering conveyances, reconveyances, and transfers of title;
  - (h) Providing liquidity management, investment and advisory services;
  - (i) Establishing, owning, leasing, operating, or maintaining remote service units; or
  - (j) Providing clerical, accounting, data processing and internal auditing services to any financial institution.
- (3) Maintaining and managing real estate;
  - (4) Managing owners' associations for condominium, cooperative, planned unit development and other rental real estate projects;
  - (5) Homeownership and financial counseling;
  - (6) Preparing tax returns;
  - (7) Serving as insurance broker or agent for liability, casualty, automobile, life, health, accident, and title insurance, but excluding private mortgage insurance;
  - (8) Providing trust services upon application to the superintendent in accordance with the procedures therefor applicable to savings and loan associations;
  - (9) Providing relocation services;
  - (10) Providing real estate brokerage services;
  - (11) Acquisition of unimproved real estate for development and/or subdivision for construction of improvements, for resale to others for such construction, or for use as mobile home sites;
  - (12) Development, subdivision and construction of improvements for sale, or rental on, real estate; provided, that such development, subdivision, and construction of improvements is completed within five years after acquisition of the real estate;

- (13) Acquisition of improved real estate or mobile homes to be held for rental or resale;
- (14) Acquisition of improved real estate for remodeling, rehabilitation, modernization, renovation, or demolition and rebuilding for sale or for rental;
- (15) Real estate maintenance, management and services;
- (16) Acquisition, maintenance, and management of real estate (improved or unimproved) to be used for offices and related facilities of a stockholder of a service corporation. Such real estate may include facilities for sale or for rental;
- (17) Participation in any manner (without regard to the requirement that activities be performed directly or through a wholly-owned subsidiary) with any service corporation which meets the requirements of section 1151.344 of the Revised Code, with any nonprofit organization, or with any corporation organized pursuant to Chapters 1724., 1726., and 1728. of the Revised Code in any of the activities referred to in paragraphs (A)(12) to (A)(16) of this rule;
- (18) Participating and engaging in urban renewal and low-cost housing programs of federal, state, or local governments on behalf of the association;
- (19) Making any investment of the types specified in section 1151.34 of the Revised Code;
- (20) Mortgage-futures transactions:
  - (a) Engaging in mortgage-futures transactions, provided that such transactions are matched directly against the service corporation's firm commitments, or against anticipated reinvestment in mortgages and mortgage-related securities of its expected mortgage repayments over the forthcoming twelve-month period. Such matching need not include matching of maturities;
  - (b) For the purposes of paragraph (A)(20)(a) of this rule, the following definitions will apply:
    - (i) "Firm commitment" means written commitment to make, purchase, issue, or deliver mortgage loans or mortgage-related securities at fixed interest rates on or before the date specified in the commitment.

- (ii) "Mortgage-futures transaction" means the purchase of or sale of a mortgage-futures contract under the terms and conditions approved by the commodity futures trading commission.
  - (iii) "Mortgage-related security" includes GNMA guaranteed mortgage-backed securities, mortgage participation certificates of the federal home loan mortgage corporation, and similar obligations secured by mortgages in which the association is authorized to invest.
  - (iv) "Mortgage repayment" includes principal and interest, but excludes expected prepayments and penalties.
- (21) Investing in tax exempt bonds issued by a state or local governmental authority to finance housing;
  - (22) Issuing notes, bonds, debentures, or other obligations or securities;
  - (23) Issuing credit cards, extending credit in connection therewith, and otherwise engaging in or participating in credit card operations;
  - (24) Investing in savings accounts in an institution that is a stockholder of the service corporation; provided, that the service corporation receives no consideration, other than interest at the current market rate, for opening or maintaining any such account;
  - (25) Investing in the capital of a small business investment company or minority enterprise small business investment company licensed pursuant to section 301(d) of the Small Business Investment Act of 1958 by the United States small business administration to invest in small businesses engaged exclusively in the activities listed in this rule; or
  - (26) Engaging in a joint venture in any activity specified in paragraph (A) of this rule.
- (B) A service corporation may file a letter of intent to engage in an activity not otherwise authorized by this rule, including a joint venture in such other activity. Such activity shall not be permitted until the expiration of thirty days after the filing thereof unless the superintendent gives his prior written consent to the corporation.
- (1) If the superintendent is not satisfied within the thirty-day period that any such activity is a proper incident to the business of a savings and loan association pursuant to division (B) of section 1151.344 of the Revised Code, he shall so notify the corporation of the basis for the disapproval, and it shall thereafter be an unauthorized practice for the corporation to engage in said activity.

- (2) The superintendent upon conclusion of an adjudication hearing pursuant to section 119.06 of the Revised Code may withdraw his approval of any activity of a service corporation granted by this rule upon at least ninety days' written notice. Any action taken by the superintendent may be appealed by the corporation pursuant to section 119.12 of the Revised Code.
- (C) Without the prior written approval of the superintendent, a service corporation may not acquire troubled assets, as defined by the superintendent, from a savings and loan association, except that any real estate owned by any such association may be acquired by a service corporation to provide housing.
- (D) The term "joint venture" as used in this rule means any joint undertaking with one or more persons or legal entities in any form, including a joint tenancy, tenancy in common, partnership, or investment in a corporation other than a wholly-owned subsidiary.

Effective:

Five Year Review (FYR) Dates:

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Certification

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Date

Promulgated Under:	119.03
Statutory Authority:	1155.20
Rule Amplifies:	1151.344
Prior Effective Dates:	07/21/1975, 01/29/1976, 12/01/1979, 08/10/1981, 01/17/1992, 06/03/2004