

*** DRAFT - NOT YET FILED ***

1301:8-3-07

General provisions for registrants.

- (A) Except in the cases of loans made by direct mail as defined in this chapter, loans where the additional signature of a spouse, co-signor or guarantor is necessary or loans where one or more of the obligors is ill or disabled, no loan agreements, security agreements or other documents or papers involved with the making or renewing of a loan shall be signed by any obligor anywhere other than on the registrant's registered premises. In the instances when the additional signature of a spouse, co-signor or guarantor is necessary or when one or more of the obligors is ill or disabled, the signature may be obtained at an address other than that registered, but in no case may the signature be obtained by any person other than an obligor, an employee of the registrant, or authorized agent of the registrant.
- (B) For purposes of sections 1321.51 to 1321.60 of the Revised Code, a loan is considered closed upon the signature of the obligor or obligors unless the loan contract is not executed by signature, in which case the loan is considered closed upon disbursement of loan funds.
- (C) All loans made pursuant to sections 1321.51 to 1321.60 of the Revised Code, if made by direct mail as defined in this chapter, shall be made from a place of business for which the registrant holds a valid certificate of registration pursuant to section 1321.52 of the Revised Code.
- (D) Registrants have an ongoing duty to notify the division of financial institutions of material changes in the information contained in the application and exhibits, schedules and other documentation submitted in conjunction with the application, and to report all changes or additions to information in the application within thirty days of the change. Material changes in the information include changes in affiliations, controlling interest, officers, directors, criminal record, and any change in net worth below the requirements in section 1321.53 of the Revised Code and section 1301:8-3-03 of the Administrative Code.
- (E) The registrant shall obtain written consent of the borrower for any purchase of insurance on property other than that which is used as security for the loan.
- (F) A registrant under sections 1321.51 to 1321.60 of the Revised Code shall permit payment to be made in advance in any amount on any contract at any time, but the registrant may apply the payment first to interest and charges due up to the date of payment.
- (G) The registrant shall notify the borrower:

- (1) In writing of any interest rate change at least thirty but not more than one hundred twenty days prior to the effective date of the changes except as set forth in paragraph (G)(3) of this rule, provided that if the interest rate is tied to a published and verifiable index and the contractual rate of interest is adjusted within forty-five days of change in the published index rate, the registrant shall notify the borrower in writing of any interest rate change at least thirty days prior to the effective date of the change. The notice required herein shall contain the disclosures required in paragraphs (G)(3)(a) to (G)(3)(h) of this rule.
- (2) In the instance of a non-amortized or partially amortized interest-bearing loan, the registrant shall provide the borrower with written notice of maturity at least ninety but not more than one hundred twenty days prior to the expected maturity date.
- (3) In writing where the loan is an adjustable rate mortgage having an initial fixed rate period, of the pending date when the adjustable rate mortgage is to reset to a variable rate at least six months but not more than seven months in advance of the initial scheduled reset date. The registrant shall also attempt to convey by telephone the information set forth in paragraphs (G)(3)(a) to (G)(3)(d) of this rule. The written notice shall be a separate and independent disclosure that includes:
 - (a) A statement of the borrower's current interest rate and corresponding monthly payment prior to the reset date;
 - (b) A good faith statement of the borrower's anticipated future interest rate and corresponding monthly payment following the reset date;
 - (c) A statement that notifies the borrower to contact the registrant for workout options in the event that there is a possible problem of repayment at the higher interest rate and monthly payment following the adjustable rate mortgage's reset;
 - (d) A toll-free number by which borrowers can discuss possible payment problems and workout options;
 - (e) An explanation of the index and/or formula that is being used to reset the interest rate and the source of that index and/or formula;
 - (f) A statement that notifies the borrower of alternative options that may be pursued including refinancing, payment forbearances, and

pre-foreclosure sales;

- (g) Contact information for the United States department of housing and urban development certified or approved counseling agencies that the borrower may use to seek counseling services in Ohio; and
 - (h) Contact information for the state housing finance authority in the state in which the property is located.
- (H) Registrants shall clearly indicate by prominently disclosing on, or in, the loan documents, the federal or state statutory authority pursuant to which a loan is made. For purposes of this chapter, registrants shall be required to provide this prominent disclosure on loans made:
- (1) Solely in reliance on the provisions of sections 1321.51 to 1321.60 of the Revised Code;
 - (2) Partially in reliance on the provisions of sections 1321.51 to 1321.60 of the Revised Code; or
 - (3) In reliance on any combination of federal or state provisions that do not include sections 1321.51 to 1321.60 of the Revised Code.
- (I) A registrant is not prohibited from holding other licenses or registrations issued by the division of financial institutions as long as the registrant is in compliance with section 1321.551 of the Revised Code and other applicable provisions of state and federal laws.
- (J) A registrant shall execute the release of any mortgage made pursuant to sections 1321.51 to 1321.60 of the Revised Code in compliance with Chapter 5301. of the Revised Code.
- (K) In providing any payment history requested by the borrower or by the division, the registrant shall provide a clear and accurate payment statement in a manner a reasonable borrower should understand that sets forth the dates and amounts due and owing and the dates and amounts received and paid.
- (L) In circumstances where the registrant has determined not to modify a defaulting mortgage loan or an agreement on modification cannot be reached, and it has initiated foreclosure proceedings, the registrant servicing the loan shall provide notice to the borrower stating the contact information for the loss mitigation, foreclosure prevention, or loan workout staff authorized to discuss options for

reinstatement and foreclosure avoidance options. The notice shall be provided by writing or telephone at least ten days before referral to the registrant's foreclosure counsel.

- (M) In the case of any default of a mortgage loan the registrant shall in its written notice of the payment deficiency provide a toll-free number by which the borrower can discuss the payment problem and workout options.
- (N) The registrant is liable for payment of the annual assessment described in section 1321.20 of the Revised Code on any loan made by the registrant which has been sold, transferred, or assigned to another person if servicing rights have been retained by the registrant.
- (O) The registrant may in addition to, or as part of, its loan modification process offer the borrower the option to have the matters under dispute submitted for mediation before an unbiased private third party.

Five Year Review (FYR) Dates:

Certification

Date

Promulgated Under:	119.03
Statutory Authority:	1321.54(A)
Rule Amplifies:	1321.53, 1321.551, 1321.57, 1321.59
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