

# Ohio Division of Financial Institutions

## Mortgage Brokers & Lenders Letter 2015-1

October 2, 2015

- TO: Ohio Mortgage Lenders Registered under the Ohio Mortgage Loan Act (“OMLA”) and All Entities Registered under the Ohio Mortgage Broker Act (“OMBA”) or holding a Valid Letter of Exemption as provided by the OMBA.
- SUBJECT: Impact of Know Before You Owe from the Consumer Financial Protection Bureau (“CFPB”) and New Disclosures Required by Federal Rule detailed in Appendix H of 12 C.F.R. Part 1026 and the impact on forms required by Ohio Revised Code (“ORC”) in both the OMLA and the OMBA.
- SUMMARY: This letter is intended to alert mortgage lenders registered under the OMLA and all mortgage brokers, mortgage lenders and exempt entities under the OMBA of the position of the Ohio Division of Financial Institutions regarding the new Loan Estimate and Closing Disclosure and several other Ohio specific forms.

The Ohio specific form, Notice of Escrow of Taxes, and Regular Monthly Payment, is no longer necessary for mortgage loan applications taken on or after Saturday October 3, 2015.

### **1321.592 Disclosure to borrower:**

This provision of the OMLA is intended to provide borrowers timely information regarding the mortgage payment and a description of what is covered by the regular monthly payment, including principal, interest, taxes, and insurance, as applicable. This information is fully detailed when the Closing Estimate is properly completed and shared with the borrower(s) in the required timeframe per CFPB rule. Further the timing requirement for disclosure in the CFPB rule pre-empts the timing requirement in the ORC. The Division’s position is that the additional time provided by the CFPB rule is of significant benefit to the borrower(s).

### **1322.062 Mortgage loan origination disclosure statement - credit and settlement disclosures:**

The Mortgage Loan Origination Disclosure Statement (“MLODS”) and the requirements detailed in section 1322.062 of the ORC are still required. There is no change to this form or the requirements for the disclosure.

### **1322.063 Property tax escrow and monthly payment disclosure:**

This provision of the OMBA is also intended to provide borrowers timely information regarding the mortgage payment and a description of what is covered by the regular monthly payment, including principal, interest, taxes, and insurance, as applicable. This information is fully detailed when the Closing Estimate is properly completed and shared with the borrower(s) in the required timeframe per the CFPB rule.

**1322.064 Timely disclosure of material changes in terms:**

The redisclosure required of a registrant or licensee per ORC 1322.064 may be provided via a revised Loan Estimate, when the timelines set forth in the CFPB rule are met. If the mortgage broker fees or compensation change, then a revised MLODS must also be provided to the borrower(s) as required by the ORC in section (B) of 1322.062 at the same time the revised Loan Estimate is provided.

**ACTION:** Registrants, licensees and entities holding a valid letter of exemption need to review their procedures to ensure compliance with the current state law and federal rule requiring timely and detailed disclosures to the borrower(s).

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