

Ohio Enacts Law Regulating Mortgage Servicers and Holders of Servicing Rights

McGlinchey Consumer Financial Services Alert

January 3, 2019

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The Ohio legislature continued its multi-year focus on financial services by amending yet another consumer financial services law in December, although this time in a smaller way than the recent legislative overhauls. The amendment, made through Ohio House Bill 489, focused on ensuring that mortgage servicers, and potentially passive investors in mortgage servicing rights, are required to obtain a certificate of registration. Ohio House Bill 489 did this by adding mortgage servicers to the list of entities required to obtain such registration. Notably, the definition of a mortgage servicer incorporates language including any entity that holds the servicing rights, records mortgage payments, or performs other functions to carry out the mortgage holder's obligations under the mortgage agreement, either for itself or on behalf of the holder of a mortgage loan. The bill also imposes a written notice requirement on any person collecting a debt secured by a second mortgage or junior lien on residential real property that is in default.

Ohio House Bill 489 will take effect on the 91st day after filing with the Secretary of State, which should result in the bill taking effect in the beginning of April.

If you have questions, reach out to the author of this alert or another member of the firm's Consumer Financial Services Compliance team.

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