



Department of Consumer and Business Services

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**Using the National Mortgage Licensing System and Registry (NMLS)
for Non-Mortgage Lending Licenses**

Senate Bill 277

Background: The Department of Consumer and Business Services (DCBS) licenses entities that engage in specific financial activities such as mortgage lending, non-bank consumer lending, pawnbroking, and money transmission. Many states also license the same entities for the same activities, particularly larger entities whose operations cross state lines.

In 2008, Congress required states to license the activities of mortgage loan originators and encouraged development of a single, online licensing system. HB 2189 (2009) authorized DCBS to license mortgage loan originators via the Nationwide Mortgage Licensing System and Registry (NMLS), which states use to facilitate mortgage loan originator and mortgage lending business licensing across the country. Since then, the NMLS has expanded to manage licensure beyond the mortgage industry, creating a “one-stop shop” for businesses while maintaining states’ control of requirements such as fees, bonding, and insurance requirements.

Using the national system has many other advantages, such as decreasing the amount of time spent by businesses in applying for licenses or renewals, and providing DCBS the ability to track enforcement actions across states and better track data. However, in order to expand the platform to other licensing programs on more than a voluntary basis, legislation is needed to adjust licensing terms and application requirements for money transmission, debt management service providers, and check cashers.

Concept: SB 277 allows DCBS to transition the money transmission, debt management service provider, and check cashing programs onto the NMLS platform. The concept also allows the department to modify licensing practices, procedures and information to meet NMLS requirements via rule, and aligns the licensing or registration statutes in each program area to be based on the calendar year for first year licensing or registration and subsequent renewals. SB 277 maintains the program areas’ current base licensing or registration requirements for applications and renewals.

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