

Nationwide Multistate Licensing System Adds New License Types

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Several new licenses will be managed on the Nationwide Multistate Licensing System and Registry (NMLS) in Kentucky, North Dakota, and Wisconsin beginning August 1, 2023. These new license types will affect consumer finance companies in the student loan, mortgage, and sales finance industries.

Kentucky

Earlier this month, the Kentucky Department of Financial Institutions announced that it would begin accepting applications for its Student Loan Servicer license via the NMLS on August 1st. The application requirements are in response to Kentucky's newly enacted Student Education Loan Servicing, Licensing, and Protection Act of 2022, which requires student loan servicers of private and federal student loans to be licensed in Kentucky.

Applicants should be prepared to identify a managing officer, a person responsible for overseeing a licensee's operations, with a minimum of 2 years of experience in the student loan education loan industry. Additionally, control persons will be required to submit personal financial statements as part of the application.

Note, the implementing regulations detailing the application process through the NMLS were proposed in January 2023 and amended in April 2023 but do not appear to be finalized.

North Dakota

Similarly, the North Dakota Department of Financial Institutions announced that it will accept applications for its Residential Mortgage Lender License and its Residential Mortgage Loan Servicer License via the NMLS beginning August 1, 2023. These changes come as part of the state's newly enacted Residential Mortgage Lenders Law and Residential Servicers Law, both of which will become effective on the same date.

Mortgage lenders operating in the state historically have been covered by the North Dakota Money Brokers Act and have been required to hold the Money Lender License unless exempt. The license requirements have been updated to align with the Residential Mortgage Lenders Law. Mortgage lenders who currently hold the North Dakota Money Lender License will have until December 31, 2023, to transition their licenses onto the NMLS.

Prior to August 1, the North Dakota Department of Financial Institutions lacked the authority to regulate mortgage servicers operating in the state. However, with the North Dakota Residential Servicers Law being signed into law earlier this year, mortgage servicers are now required to obtain the Residential Mortgage Loan Servicer License unless subject to an applicable exemption. Applicants for the license will be required to, among other things, designate a qualifying individual who is recommended to be in a managerial role with three or more years of industry experience and demonstrate that it has a formalized cybersecurity policy in place.

Wisconsin

The Wisconsin Department of Financial Institutions also announced that it will accept applications for a Sales Finance Company License via the NMLS beginning August 1, 2023.

The Wisconsin Sales Finance Company License for both depository and non-depository entities has been managed outside of the NMLS. Companies currently holding the license are required to submit a license transition request through the NMLS by October 31, 2023, in order to maintain active status. The Wisconsin Department of Financial Institutions emphasizes that current licensees will need to provide their existing license number as part of the transition request to avoid being charged a new application fee.

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Topics

Wisconsin, NMLS, Kentucky, North Dakota