



2012 Annual Conference & Training
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NMLS and Financial Services Regulation

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Major NMLS Milestones

- ▶ Launched NMLS (2008)
- ▶ SAFE Act passed (July 2008)
 - ▶ Testing and education (2009)
 - ▶ Criminal and credit checks (2009)
 - ▶ NMLS Consumer AccessSM (2009)
 - ▶ Mortgage call reports (2011)
- ▶ All states on NMLS under SAFE Act (2010)
- ▶ Depository MLO registration (2011)
- ▶ State development contributions: \$16.5MM
- ▶ Publish *SRR Annual* and *NMLS Quarterly reports*
- ▶ NMLS Annual Conference and Training



NMLS Development Roadmap

- ▶ SAFE Act requirements vs. State enhancements
- ▶ Work list subscription
- ▶ Credit and CBC for control persons
- ▶ MU forms update
- ▶ Disclosure explanation doc upload
- ▶ NMLS Consumer AccessSM
 - ▶ Regulatory actions
 - ▶ Control Persons
- ▶ Delta credit report
- ▶ Variable state fees
- ▶ Financial statements improvements
- ▶ Pre notifications





Expansion Background

- ▶ Expansion goal
 - ▶ Leverage NMLS to bring more consistency, efficiency, and improved supervision to other state-regulated non-depository financial industries
- ▶ Governance
 - ▶ Approved by CSBS/SRR Boards (beginning in September 2010)
 - ▶ Response to state requests for expanded use of NMLS
- ▶ Implementation
 - ▶ Engaged others in expansion policy and design
 - ▶ State regulatory organizations
 - ▶ Industry
- ▶ Dodd-Frank legislation
 - ▶ Mitigate federal encroachment into state-regulated industries
 - ▶ Regulatory burden concerns with dual licensing/registration





CFPB – Regulatory Oversight

▶ Other Non-depository Industries

- ▶ CFPB supervisory authority over “larger market participants”
- ▶ CFPB seeking comment on defining “larger market participants”
- ▶ Possible industries include:
 - ▶ Debt collection
 - ▶ Consumer reporting
 - ▶ Consumer credit
 - ▶ Money transmitting
 - ▶ Check cashing
 - ▶ Prepaid cards
 - ▶ Debt relief services

▶ Registration — Must look at state systems





NMLS Expansion

- ▶ NMLS initial concept included other state-licensed non-depository industries (2003)
- ▶ Expansion available to states (April 2012)
 - ▶ Consumer lenders
 - ▶ Money services businesses
 - ▶ Debt collectors
- ▶ States choose
 - ▶ Which licensees come onto NMLS
 - ▶ When to transition licensees on NMLS





NMLS Expansion – Roadmap

- ▶ MU Form modification
 - ▶ The MU Forms (MU1, MU2, MU3, & MU4) modified to be universal across non-depository industries
 - ▶ Several states have been using NMLS and MU Forms for other industries for several years
- ▶ States may require legislation
 - ▶ MU Form definitions
 - ▶ Renewal date
 - ▶ Use of NMLS





Benefits

- ▶ State's NMLS use provides benefits to states/industry:
 - ▶ Increased consumer protection
 - ▶ Increased efficiencies
 - ▶ Single, uniform electronic record
 - ▶ Payment processing via ACH or CC
 - ▶ Regulatory work-flow processing
 - ▶ Enhanced supervision
 - ▶ Uniform, nationwide data from NMLS
 - ▶ More level playing field for businesses that play by the rules
 - ▶





Policies

- ▶ Annual renewal date of 12/31
- ▶ NMLS processing fees
 - ▶ No initial NMLS processing fee for new application or transition onto NMLS for non-mortgage licensees
 - ▶ Renewal fees same as mortgage:
 - ▶ \$100 per year for company licenses
 - ▶ \$20 per year for branch licenses
 - ▶ \$30 per individual (currently, no individual licensing contemplated)
- ▶ State agency may make NMLS optional to licensees
 - ▶ Several agencies are doing this in advance of legislative authority





2012 State Agency Participation

► 11 state agencies scheduled for expansion:

District of Columbia

Idaho

Louisiana

Maryland

Massachusetts

New Hampshire

Oklahoma

Rhode Island

Tennessee

Vermont

Washington





License Authorities

- ▶ Sales Finance License
- ▶ Money Transmitters
- ▶ Check Cashers
- ▶ Currency Exchangers
- ▶ Debt Adjusters
- ▶ Small Loan Lenders
- ▶ Sales of Checks
- ▶ Pawnbrokers
- ▶ Check Seller
- ▶ Small Loan Endorsement
- ▶ Motor Vehicle Sales Finance Company
- ▶ Retail Installment Sales Finance Company
- ▶ Insurance Premium Finance Company
- ▶ Debt Management Companies





State Agencies Preparation

- ▶ **Agency bi-weekly conference calls**
 - ▶ Review policies
 - ▶ Collect license settings from state agency
- ▶ **Legislative/Regulatory Adjustments**
 - ▶ CSBS “Model” legislative language
 - ▶ Optional versus mandatory
- ▶ **Expansion Working Groups to address policy issues specific to various industries**
(e.g. management of Authorized agents)
 - ▶ Money Service Business
 - ▶ Debt Related Companies
 - ▶ Consumer Finance





Industry Preparation

- ▶ **States will announce participation**
 - ▶ Which licenses
 - ▶ When transition will occur
 - ▶ Voluntary vs. mandatory participation
- ▶ **Review new forms:**
 - ▶ “Business Activities” definitions
- ▶ **Definitions in Guidebook**
- ▶ **Review NMLS Resource Center**
- ▶ **Read Communications from Regulators**

