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## CA DFPI Issues Third Round Proposed Rules for CFL License Transition to NMLS Platform

**By: Melissa Richards**

The California Department of Financial Protection and Innovation (fka Department of Business Oversight) has taken further steps to transition its administration of the California Financing Law (CFL) License to the Nationwide Mortgage Licensing System (NMLS) portal. On November 18, 2020, DFPI issued a Notice of Third Modifications to Proposed Rulemaking Requirements for CFL NMLS Transition with a short, 15-day comment period ending December 3, 2020. The proposed target date for completing this transition is **July 1, 2021**. This rulemaking affects all current and prospective CFL licensee brokers and lenders including commercial, consumer finance and PACE program administrators. A copy of the proposed rulemaking is attached [HERE](#).

Additional highlighted provisions are:

- Revised CFL license application and instructions for non-residential mortgage applicants (who are already applying for CFL licenses through NMLS) to be used until the effective NMLS transition date. Revised instructions include an express caveat for brokers that (a) the CFL broker license only authorizes them to do business with CFL lenders, and (b) if doing business with lenders that are not CFL licensed (ie, depository institutions), the broker may be subject to other CA licensing laws (ie, real estate law).
- Revised requirements for proposed CFL business plans and for PACE program administrator business plans.
- Starting on the effective NMLS transition date and continuing through December 31, 2021, current CFL licensees will need to establish a company NMLS online account and secure their unique identifier number. Once a NMLS account is established, CFL licensees must file a company MU1 application accompanied by MU2 applications for each individual "control person."
- The proposal imposes additional documentation requirements for PACE program administrators seeking CFL licensure, including (a) a copy of the public agency authorization agreement, (b) proposed agreement templates for PACE solicitors and solicitor agents, as well as for property owners, and (c) a new DFPI form PACE Program Administrator Application Request for Information.

Please reach out to Melissa Richards for assistance in understanding the proposed rule provisions, for filing a comment letter, and for assistance in transitioning your CFL licensed business over to NMLS.

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