

July 7, 2021

CA DFPI Issues New Round of Proposed Rules for Transitioning Existing CA Financing Law Licensees to the NMLS Platform

By: Melissa Richards

Back in November 2020, we reported the CA Department of Financial Protection and Innovation (“CA DFPI”) as administrator of the California Financing Law (CFL) License had [published a third round of proposed rules](#) to transition the CFL License administration to the Nationwide Multistate Licensing System (NMLS) electronic portal. The target date for completing this transition would be July 1, 2021.

On July 7, 2021, the CA DFPI issued a *Fifth Round* Proposed Rules for CFL License transition to the NMLS Platform. The July 1st target date for transition is removed; the effective date to begin NMLS transition for existing CFL Licensees is yet to be determined. The deadline to transition existing CFL licenses onto the NMLS platform remains December 31, 2021. This latest round of rulemaking affects all current CFL licensee brokers and lenders including commercial, consumer finance and PACE program administrators.

A copy of the DFPI’s Fifth Notice of Modification to Proposed Rulemaking is [HERE](#) and a copy of the proposed rulemaking is attached [HERE](#).

The delayed transition only affects existing CFL licensees. CA DFPI has successfully transitioned initial applications for CFL license for consumer and commercial brokers and lenders to the NMLS electronic portal. CA DFPI instructions for submitting the application can be found [HERE](#). In addition, existing CFL licensees may apply for CFL branch office licensing through the NMLS online portal using form MU3 and the previous link to CA DFPI instructions.

As of July 7th, the CFL License transition stands as follows:

- (1) **Existing CFL Licensees** – existing CFL licensees can file for Branch Office CFL License through the NMLS online platform using NMLS form MU3. No further CFL license administrative action can be taken through the NMLS platform at this time, but with the understanding that NMLS forms MU1 (Company and Sole Proprietor) and MU2 (Individual Control Person) must be filed through NMLS online portal on or before December 31, 2021. DFPI will identify in the transition instructions any additional trailing documents that must be sent in direct to the CFL Licensing Section office.

- (2) *New (Initial) CFL Licensees* – Starting May 2021, **new** consumer and commercial applicants for CFL broker and/or lender not engaged in residential mortgage lending can file for initial license on the NMLS online platform using forms MU1 (Company, Sole Proprietor), MU2 (Individual Control Person), and MU3 (Branch Office). Commercial applicants still have the option to mail in the existing hardcopy application. To begin the process of applying through the NMLS, select “Getting Started” on the NMLS Resource Center Page [HERE](#).
- (3) Current CFL Licensees and Initial CFL license applicants engaging in residential mortgage loan business are already transitioned to the NMLS online portal. They are to continue administering their CFL licenses and license applications exclusively through the NMLS online portal.

CA DFPI opened these Fifth Round Proposed Rules to a brief, 15-day comment period. The deadline to submit written comments is July 22, 2021. Written comments may be sent via mail to:

Commission of Financial Protection and Innovation
Attn: Colleen Monahan, Senior Counsel, Legal Division
2101 Arena Boulevard
Sacramento, CA 95834

Alternatively, written comments can be submitted via E-Mail Delivery to: regulations@dfpi.ca.gov with a copy to colleen.monahan@dfpi.ca.gov.

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 existing CFL licensed business over to NMLS or for applying for an initial CFL license for your company.



Melissa Richards
Of Counsel
(415) 227-3543
mrichards@buchalter.com

This communication is not intended to create or constitute, nor does it create or constitute, an attorney-client or any other legal relationship. No statement in this communication constitutes legal advice nor should any communication herein be construed, relied upon, or interpreted as legal advice. This communication is for general information purposes only regarding recent legal developments of interest, and is not a substitute for legal counsel on any subject matter. No reader should act or refrain from acting on the basis of any information included herein without seeking appropriate legal advice on the particular facts and circumstances affecting that reader. For more information, visit www.buchalter.com.