



October 1, 2014

**To all Entities Engaged in the Debt Settlement Services Business with Pennsylvania Residents:**

On July 9, 2014, Governor Corbett signed into law Act 118 of 2014, the Debt Settlement Services Act (the “DSSA”), 63 P.S. § 2501 *et seq.*, which establishes a licensing and regulatory program under the Commonwealth of Pennsylvania Department of Banking and Securities (the “Department”) for all entities that engage in the debt settlement services business with Pennsylvania residents for a fee or other consideration. The DSSA is fully effective on January 1, 2015; Section 308(g) of the DSSA provides that entities that currently engage in the debt settlement services business with Pennsylvania residents for a fee or other consideration must have a completed license application submitted to the Department by December 1, 2014, in order to be able to continue to engage in the debt settlement services business with Pennsylvania residents for a fee or other consideration.

*Coverage of the DSSA*

With certain exceptions that are contained in Section 103 of the DSSA, the DSSA requires that all persons marketing, soliciting, offering to provide or providing debt settlement services to Pennsylvania residents for a fee or other consideration obtain a license from the Department. “Debt settlement services” are defined in Section 102 of the DSSA as:

[s]ervices as an intermediary between an individual and one or more unsecured creditors of the individual for the purpose of obtaining concessions where the contemplated concessions involve a reduction in principal of the individual's unsecured debt owed for personal, family or household expenses to at least one creditor. The term does not include:

- (1) Legal services provided in an attorney-client relationship by an attorney licensed or otherwise authorized to practice law in this Commonwealth.
- (2) Accounting services provided in an accountant-client relationship by a certified public accountant licensed to provide accounting services in this Commonwealth.
- (3) Financial planning services provided in a financial planner-client relationship by a licensed member of a financial planning profession.

**GLENN E. MOYER – SECRETARY OF BANKING AND SECURITIES**

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[www.dobs.state.pa.us](http://www.dobs.state.pa.us)

*Licensing Provisions*

Consistent with most of its other licensing programs, the Department will be using the NMLS national electronic licensing system for the DSSA licensing program. Effective November 1, 2014, the NMLS will begin to accept license applications under the DSSA. Through NMLS, entities will be able to apply for, amend, and renew licenses conveniently and safely online. In order to use NMLS, applicants will be required to enter their company information onto NMLS by creating a base record and obtaining a unique company identifier.

Entities that currently engage in the debt settlement services business with Pennsylvania residents for a fee or other consideration must complete and submit through NMLS a Company MU1 Form and an Individual MU2 Form for each of their Control Persons by December 1, 2014, in order to be able to continue to engage in the debt settlement services business with Pennsylvania residents for a fee or other consideration. The applicant may continue to provide debt settlement services to Pennsylvania residents for a fee or other consideration while the Department processes the completed application for licensure, although those debt settlement services must be conducted according to the DSSA. Entities not currently engaged in the debt settlement services business with Pennsylvania residents for a fee or other consideration may apply for a license via the NMLS at any time.

Additionally, applicants must complete and submit through NMLS a Branch MU3 Form for each location in Pennsylvania where the applicant will provide debt settlement services, and identify a “Qualifying Individual” who supervises each location.

All Control Persons, Qualifying Individuals and executive officers of applicants are subject to a criminal background check that is coordinated through the NMLS.

The NMLS Resource Center (<http://mortgage.nationwidelicencingsystem.org>) provides step-by-step instructions on how to access the system, guides on how to complete the forms, each state’s requirements, tutorials, current and future participating states, NMLS alerts, NMLS processing fees and general background information. The “Company (MU1) Form Filing Instructions” reference guide has been created to walk inexperienced NMLS users through the Company MU1 Form submission process. The reference guide is located on the “Quick Guides and References” page of the NMLS Resource Center.

Please note that under Section 303(9) of the DSSA, applicants for a license under the DSSA are required to obtain and maintain a \$25,000 penal bond from a surety company authorized to do business in Pennsylvania.

Section 703 of the DSSA requires that all licensees submit a periodic report to the Department concerning the debt settlement services business conducted by the licensee during the previous year. This report will be due by March 31 of each year and will be filed electronically via the NMLS. Licensees are expected to file their initial report by March 31, 2015, concerning the debt settlement business conducted in Pennsylvania in 2014.

*License Fees and Renewal*

Under Section 302(b)(1) of the DSSA, the Department has established \$2,500 as the initial license fee for for-profit debt settlement services licensee applicants. The license fee for non-profit debt settlement services license applicants is \$500. These fees are payable through the NMLS system. Applicants are also required to pay certain processing fees to the NMLS for the use of the NMLS system.

Licenses issued under the DSSA are based on a calendar year schedule. A license renewal application shall be submitted to the Department via the NMLS by December 31 of each year, along with the applicable renewal fee of \$1,250 for for-profit debt settlement services providers and \$350 for non-profit debt settlement services providers. Provided that a licensee is operating in accordance with the DSSA, the license will be renewed on January 1 of each year.

This letter is not intended as and does not constitute legal advice. Please keep in mind that this letter contains generalizations regarding the DSSA discussed herein and is therefore not inclusive of all of its provisions, conditions, exceptions, and details. It is critically important for you to read the DSSA and seek guidance from your legal counsel regarding the effects of the DSSA on your business operations. A link to the DSSA may be found on the Department's website at [www.dobs.state.pa.us](http://www.dobs.state.pa.us).

For questions relating to applying for your license on NMLS, please contact the NMLS Call Center at (855) 665-7123. If you have other questions, please contact the Department's Non-Depository Licensing staff at (717) 787-3717 or by email to [ra-asklicensing@pa.gov](mailto:ra-asklicensing@pa.gov). We at the Department look forward to working with you in order to seamlessly implement the DSSA in Pennsylvania in the coming months.

Sincerely,

/s/ Glenn E. Moyer  
Secretary of Banking and Securities