

Report From Agency

STATE OF WISCONSIN DEPARTMENT OF FINANCIAL INSTITUTIONS

RULE REPORT TO THE LEGISLATURE **Clearinghouse Rule 22-020**

Relating to the use of the of the Nationwide Multistate Licensing System and Registry (NMLS) by state-licensed adjustment service companies, payday lenders, sales finance companies, and sellers of checks, chs. DFI-Bkg. 73, 75, 76, and 79 of Wisconsin Administrative Code.

Attached: Proposed rule, fiscal estimate and economic impact analysis, and Clearinghouse report to agency.

Governor's approval: The governor approved this rule April 14, 2022.

Basis and purpose of the proposed rule: The Department of Financial Institutions, Division of Banking, proposes an order to revise chs. DFI-Bkg 73, 75, and 76 and to create ch. DFI-Bkg 79.

The proposed rule order seeks to modernize the division's licensing system for payday lenders, sellers of checks, sales finance companies, and adjustment service companies (collectively, licensees) by requiring utilization of the NMLS. The system also facilitates cooperation among state regulators, which should reduce red tape and redundant work for both regulators and licensees who do business in multiple states.

The proposed rule would implement the following provisions and have the following effects on licensees, making treatment of licensees consistent with the treatment of mortgage loan originators licensed with the Division:

- 1) Under current law the Division of Banking, a division of the Department of Financial Institutions, licenses and regulates payday lenders, sellers of checks, sales finance companies, and adjustment service companies.
- 2) Also under current law, the Division regulates mortgage loan originators licensed with the Division, and requires their utilization of the Nationwide Multistate Licensing System and Registry (NMLS).
- 3) The NMLS is a national database developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators that streamlines licensing, renewal, and other regulatory filings for both licensees and regulators.
- 4) The proposed rules would modernize the division's licensing system for payday lenders, sellers of checks, sales finance companies, and adjustment service companies by requiring utilization of the NMLS.

- 5) The proposed rules are derived from the existing statutory language requiring utilization of the NMLS for mortgage loan originators licensed with the Division.

Summary of comments, agency's response, and explanation of any modifications as a result of comments or testimony:

The Department received no written comments either electronically or by USPS.

Persons appearing or registering for or against the rule at hearing:

No persons registered for or against the rule at the hearing, and no member of the public appeared at the (Microsoft Teams) public hearing.

Changes to analysis or fiscal estimate: None.

Response to legislative council recommendations: All of the recommendations were adopted, other than one form/style suggestion.

Final regulatory flexibility analysis, changes to energy impact report, housing impact analysis, and response to any report prepared by the SBRRB: Not applicable