

June 5, 2023

Dear Money Broker Licensee:

This letter is being addressed to companies currently licensed as money brokers by the North Dakota Department of Financial Institutions. The purpose of this letter is to inform you of substantive changes taking effect this year, as a direct result of the North Dakota 2023 legislative session, that may have a direct impact on your company as it relates to licensure in North Dakota.

IF YOU DO NOT ENGAGE IN RESIDENTIAL MORTGAGE LENDING OR RESIDENTIAL MORTGAGE LOAN SERVICING, THESE CHANGES DO NOT APPLY TO YOU.

New Residential Mortgage Lender License and Branch Registration

Senate Bill 2090 creates and enacts North Dakota Century Code (NDCC) Chapter 13-12, relating to licensure of Residential Mortgage Lenders. Beginning **August 1, 2023**, Residential Mortgage Lenders will no longer be regulated under the North Dakota Money Brokers Act and will be required to hold and maintain a Residential Mortgage Lender license under the new Chapter (NDCC 13-12).

What does this mean? Beginning August 1, 2023, the North Dakota Residential Mortgage Lender license and Branch Registration will be available for application on the Nationwide Multi-State Licensing System (NMLS). Those companies that engage in Residential Mortgage Lending will need to hold this license type in North Dakota. If you do not engage in any other lending activity (commercial, agriculture, non-residential consumer, etc.) besides Residential Mortgage lending, there will be no need to continue to maintain the North Dakota Money Broker License once you have an active Residential Mortgage Lender license.

What do Residential Mortgage Lenders need to do to comply? As long as you have an active North Dakota Money Broker license, you will be allowed to request to transition to the new Residential Mortgage Lender license in NMLS beginning **August 1, 2023, through December 31, 2023**. This will also apply to actively licensed Money Broker branch office locations. A transition fee of \$400 for the company and a transition fee of \$50 for each branch location will be charged at the time of transition request. However, this fee, along with the transition request, will cover the 2023 license renewal cost and renewal submission requirement. You will not be required to renew the company and branch office licenses until the renewal period in 2024 (Nov. 1, 2024 – Dec. 31, 2024). **Please do not request to surrender your North Dakota Money Broker license before your transition requests have been approved. You may also choose to simply let the Money Broker license lapse at the end of the year.

What about MLO sponsorships? As long as your current Money Broker license remains active until after your transition requests have been approved, the MLO sponsorships will remain active under the new Residential Mortgage Lender license.



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COMMISSIONER

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ASSISTANT COMMISSIONER

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Chris Ludwig
NON-DEPOSITORY DIVISION SUPERVISOR

What about company surety bonds? The bonding amount will remain the same as under the Money Broker statute, \$50,000. However, you will need to submit a new electronic bond when requesting to transition.

Are Criminal Background Checks and Credit Reports required? MU2 control persons will not be required to complete a new criminal background check in NMLS. Depending on the length of time since a credit report was completed, the system may require a new credit report.

A full version of Senate Bill 2090 can be reviewed at the following link:

[Enrolled Senate Bill No. 2090 - Sixty-eighth Legislative Assembly of North Dakota - LC Number 23.8089.02000 \(ndlegis.gov\)](https://legis.nd.gov/bills/2090)

Please review the Residential Mortgage Lender Company and Branch license transition checklists in NMLS: [State Licensing Requirements \(nationwidelicencingsystem.org\)](https://www.nationwidelicencingsystem.org)

+New Residential Mortgage Loan Servicer License and Branch Registration

Until now, this Department has not had the authority to regulate Residential Mortgage Loan Servicers. House Bill 1068 creates and enacts NDCC Chapter 13-13, relating to licensure of Residential Mortgage Loan Servicers. The new Residential Mortgage Loan Servicer Company License and Branch Office Registration will be available for application on NMLS beginning **August 1, 2023**.

What activities are authorized under this license? This license authorizes the following activities:

- First mortgage servicing
- Master servicing
- Reverse mortgage servicing
- Subordinate lien mortgage servicing
- Third party first mortgage servicing
- Third party subordinate lien mortgage servicing

Who does not need a license? The following entities do not need a license:

- Banks
- Credit Unions
- Savings and Loan Associations
- State or Federal housing finance agencies
- Institutions chartered by the Farm Credit Administration; or
- Not-for-profit mortgage servicers
- If you originated and continue to own the mortgage loan and servicing rights, you may service the loan as a first-party servicer without a license.

What are the requirements? Please review the Residential Mortgage Loan Servicer Company License and Branch Application Checklists: [State Licensing Requirements \(nationwidelicencingsystem.org\)](https://nationwidelicencingsystem.org)

After obtaining a license when will you need to renew it in NMLS? The first license renewal period will be in 2024. So, even if your license application is approved right away on August 1, 2023, you will not be required to renew the license until the 2024 license renewal period (Nov. 1, 2024 – Dec. 31, 2024).

A full version of House Bill 1068 can be reviewed at the following link:

[Enrolled House Bill No. 1068 - Sixty-eighth Legislative Assembly of North Dakota - LC Number 23.8088.03000 \(ndlegis.gov\)](https://ndlegis.gov/bills/2023/23.8088.03000)

Once again, the purpose of this letter is to address the substantive changes taking effect August 1, 2023, that may have a direct impact on your company as it relates to new license requirements in NMLS for North Dakota. Should you have any questions, please feel free to contact me directly at cludwig@nd.gov or (701) 328-9932.

Sincerely,



Chris Ludwig
Non-Depository Division Supervisor