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Banking Legislation, S.154 Signed by Governor Consolidated and Modernization of Licensing Practices

Press Release

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Montpelier, VT – Yesterday, May 14, 2019, Governor Phil Scott signed [S.154](#), an act relating to miscellaneous banking provisions. Present for the signing included Department of Financial Regulation (DFR) Commissioner Michael Pieciak, Deputy Commissioner Molly Dillon, and other members from the DFR’s Banking Division.

The bill comprehensively overhauls DFR’s non-depository licensing regime to consolidate, modernize and streamline compliance. The revised regime will simplify doing business in Vermont for Fintech companies and other non-depository licenses and will reduce compliance costs for the department and the industry.

“My administration has been laser focused on helping to build a 21st economy in Vermont and an important piece of that is modernizing our laws and regulations,” said Governor Scott. “I appreciate the department’s efforts, and the support of the Legislature, to build on Vermont’s leadership in financial services while first and foremost looking out for Vermont consumers.”

“This bill will consolidate our licensing statute by over seventy pages which will lead to improved compliance with greater efficiency,” said DFR Commissioner Michael Pieciak. “These benefits will be realized while preserving all the consumer protections Vermonters deserve and expect – I am grateful for the leadership of our Banking Deputy Molly Dillon in making this happen.”

Approximately a decade ago State banking regulators developed a nationwide licensing system (Nationwide Multistate Licensing System or NMLS) to ease the application process for mortgage lenders among multiple jurisdictions. As NMLS grew, the department and other states began utilizing NMLS as the licensing system for other license types and adding to our statutes on a piecemeal basis. This revised licensing regime will allow the department to further leverage NMLS in the future and ease cooperation with other state regulators.

The bill makes the following revisions and updates:

- Consolidates the redundant common provisions in Chapter 73 (Licensed Lenders), Chapter 74 (Consumer Litigation Funding Companies), Chapter 79 (Money Services),

Chapter 83 (Debt Adjusters), and Chapter 85 (Loan Servicers) into a new Chapter 72 (General Provisions) that applies to all licensees.

- Changes the three-year exam cycle for loan solicitation companies to a risk-based exam cycle.
- Updates the administrative penalty provisions to make them consistent for all licensees.
- Excludes from the money services license requirement: (1) agents of payees; (2) payment processors; and (3) independent trust companies.
- Authorizes the department to provide advisory opinions, non-objection letters, and no action letter and charge a reasonable fee.
- Prohibits a lead solicitation company from using the name of a financial institution without the financial institution's consent and gives the department, the financial institution, and the Attorney General the ability to pursue violations.
- Authorizes the department to deem a license application abandoned if it is incomplete and there has been no correspondence from the applicant for 90 days.
- Changes the term "stored value" in the money services chapter to "prepaid access" to match the more current term.
- Updates cross references to federal laws and regulations.

Commissioner Pieciak would like to thank the DFR staff who worked diligently on these matters, including Amy Richardson and Steve Knudson.

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