

**Response to Public Comments:  
Proposed 2025 NMLS Fee Changes**

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# Response to Public Comments Proposed 2025 NMLS Fee Changes

May 20, 2024 – July 22, 2024

Between May 20, 2024, and July 22, 2024, on behalf of the State Regulatory Registry LLC (“SRR”) Board of Managers<sup>1</sup> and the NMLS Policy Committee,<sup>2</sup> the Conference of State Bank Supervisors<sup>3</sup> (“CSBS”) invited comments and feedback on proposed changes to the Nationwide Multistate Licensing System and Registry (“NMLS” or “System”) fee structure.

## Goals

The goal of the proposed new fee structure is to provide support for ongoing NMLS modernization efforts and to allow for System operations and development in support of SRR Board of Managers-approved plans for future years.

The SRR Board of Managers also indicated their intent to keep industry licensing costs as low as possible consistent with a responsible budget to sustain and enhance NMLS. Moreover, the SRR Board of Managers also stressed that NMLS modernization costs should be shared fairly between CSBS and industry.

## The Proposal<sup>4</sup>

### NMLS Processing Fees for State Licensure

Fee changes were proposed for the Initial Set-Up or Application Processing Fee,<sup>5</sup> the Annual Processing Fee,<sup>6</sup> and the Mortgage Loan Originator (“MLO”) Change of Sponsorship<sup>7</sup> for State Licensure.

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<sup>1</sup> Information about NMLS Governance and the SRR Board of Managers can be found [here](#).

<sup>2</sup> Information about the NMLS Policy Committee can be found [here](#).

<sup>3</sup> Information about CSBS and NMLS can be found [here](#).

<sup>4</sup> [Click here](#) to access the full proposal.

<sup>5</sup> The Initial Set-Up or Application Processing Fee is incurred each time a Mortgage, Consumer Finance, Debt, and Money Services Businesses company (Form MU1), branch (Form MU3), or individual (Form MU4) uses the NMLS to apply for a new license in a participating state. The Initial Set-up Fee is a “per agency/per license” fee and is not charged for license authorities that do not include the ability to originate, fund, or service mortgages.

<sup>6</sup> The Annual Processing Fee is incurred each year during the annual renewal period when a Mortgage, Consumer Finance, Debt, and Money Services Businesses company, branch, or mortgage loan originator (MLO) submits a renewal request in a participating state. This fee is a “per agency/per license” fee.

<sup>7</sup> The MLO Change of Sponsorship Fee is incurred each time a company requests to sponsor a MLO’s license. This fee is a “per agency/per license” fee.

Fee Type	Current Fee Amount	Proposed Fee Amount
<ul style="list-style-type: none"> <li>Company Initial Set-Up and Application Processing Fee</li> <li>Annual Processing Fee</li> </ul>	\$100	\$120
<ul style="list-style-type: none"> <li>Branch Initial Set-Up and Application Processing Fee</li> <li>Annual Processing Fee</li> </ul>	\$20	\$25
<ul style="list-style-type: none"> <li>Individual Initial Set-Up and Application Processing Fee</li> <li>Annual Processing Fee</li> </ul>	\$30	\$35
<ul style="list-style-type: none"> <li>MLO Change of Sponsorship</li> </ul>	\$30	\$35

### NMLS Processing Fees for Federal Registration

Fee changes are proposed for the Initial Set-Up or Application Processing Fee,<sup>8</sup> the Annual Processing Fee,<sup>9</sup> and the MLO Change of Employment Fee<sup>10</sup> for Federal Registration.

Fee Type	Current Fee Amount	Proposed Fee Amount
<ul style="list-style-type: none"> <li>Institution Initial Set-Up and Application Processing Fee</li> <li>Annual Processing Fee</li> </ul>	\$100	\$120
<ul style="list-style-type: none"> <li>Individual Initial Set-Up and Application Processing Fee</li> <li>Annual Processing Fee if registration occurs between January and June</li> </ul>	\$30	\$35
<ul style="list-style-type: none"> <li>Individual Initial Set-Up and Application Processing Fee</li> <li>Annual Processing Fee if registration occurs between July and December</li> </ul>	\$60 initial / \$0 annual	\$65 initial / \$0 annual <sup>11</sup>
<ul style="list-style-type: none"> <li>MLO Change of Employment Fee</li> </ul>	\$30	\$35

## Background

NMLS is primarily supported by user processing fees,<sup>12</sup> which have not increased since the System launched in 2008 despite rising operational and technology costs.

NMLS fees support:

- Maintenance and development of all System functionality;
- Continuance of System availability;
- Retention of all records and maintenance of and upgrades to System data security;
- Operation of the NMLS Call Center;
- Development, modernization, and maintenance of the NMLS Resource Center;
- Updates to and development of NMLS Consumer Access;

<sup>8</sup> The Initial Set-Up or Application Processing Fee is incurred when an institution (Form MU1R) or MLO (Form MU4R) initial registration is made in NMLS.

<sup>9</sup> The Annual Processing Fee is incurred each year during the annual renewal period for institutions (Form MU1R) and MLOs (Form MU4R).

<sup>10</sup> The MLO Change of Employment Fee is incurred each time an institution requests to have a registered MLO associated with their institution.

<sup>11</sup> \$0 if registration occurred between July and December of the same year.

<sup>12</sup> Information about NMLS Processing fees can be found [here](#).

- Development and maintenance of the State Examination System (SES); and,
- Development and implementation of common policies and practices among the states.

The SRR Board of Managers has been evaluating fee adjustments for the past several years as part of their annual fee review.

Many of the capabilities available through NMLS are mandated under Title V of P.L. 110-289, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (“SAFE Act”),<sup>13</sup> including MLO testing and education enrollment and the ability to obtain criminal background checks and credit reports.<sup>14</sup> For 16 years, CSBS has enhanced the System to improve the efficiency of the licensing process and the effectiveness of oversight and consumer protection.

Since NMLS launched in 2008, processing fees have not changed<sup>15</sup> despite various System enhancements and the addition of numerous new license types.<sup>16</sup> System enhancements implemented since 2008 include:

- Adding an electronic surety bond feature, significantly reducing the time, costs, and inaccuracies related to paper bonds;
- Adding standard call reports for mortgage firms and money services businesses;
- Modernizing the background check automation system;
- Developing and launching SES;
- Moving from an on-premises data center to a cloud environment, improving security and flexibility for System enhancements; and
- Executing a multi-year development plan to address challenges that undermine and complicate the NMLS user experience.

In some instances, changes in law required System changes. The most notable and costly statute-driven changes resulted from a 2018 *SAFE Act* amendment<sup>17</sup> that smoothed employment transitions for MLOs, referred to as Temporary Authority to Operate (TA). TA reduces the down time for federally registered MLOs seeking state licensure and for state licensed MLOs seeking licensure in another state. Specifically, TA allows these MLOs to originate loans for 120 days, while completing any state-specific requirements for licensure, such as testing and education. TA was successfully implemented in NMLS on November 24, 2019. Implementation required significant development, user education, and outreach spanning more than two years.

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<sup>13</sup> 12 U.S.C. § 5101 et seq.

<sup>14</sup> 12 U.S.C. § 5104(a).

<sup>15</sup> A few ancillary NMLS fees have been adjusted, both up and down.

- In 2013: Fingerprint Processing Fee reduced: \$39 to \$36.25; SAFE MLO Test with Uniform State Content (UST) Testing Enrollment Fee implementation: \$110; Stand-alone UST added (paid by MLO test takers as applicable): \$33; National Test Enrollment Fee eliminated: \$92; and credit card service fee added: 2.5% per transaction.
- In 2014: Stand-alone UST fee eliminated: \$33.
- In 2018: All State Test Component(s) eliminated: \$69 per State Test.

<sup>16</sup> Between 2008 and 2023, 850 license types have been added to NMLS (Mortgage: 393; Consumer Finance: 264; MSB: 114; Debt: 79).

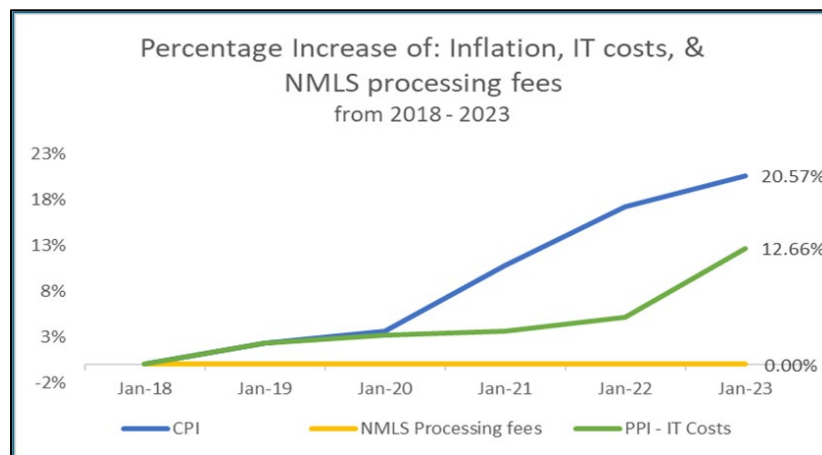
<sup>17</sup> The amendment, which added Section 5117 “Employment transition of loan originators” to the SAFE Act (12 U.S.C. § 5101 et seq), was enacted on May 24, 2018, and became effective on November 24, 2019.

## Analysis and Pre-Proposal Industry Engagement

In February 2024, the SRR Board of Managers and CSBS initiated its annual review of NMLS fees. CSBS CEO and President Brandon Milhorn announced the fee review at the 2024 NMLS Conference & Training. The review considered several factors, including the impact of inflation, costs of ongoing NMLS enhancements and operations, and vendor fee increases. While these costs had been absorbed by NMLS over the past 16 years, cost pressures showed no signs of abating and a failure to address them now could severely constrain the ability of the SRR Board of Managers to continue important NMLS modernization efforts and to sustain, and support improvements in, ongoing operations.

### Impact of Inflation

Initial analysis of the need for NMLS processing fee increases focused on economic factors such as inflation. Since the inception of NMLS, the Consumer Price Index (“CPI”) has increased by 46%<sup>18</sup> and by more than 20% within the past five years. The chart below shows the percentage increase in CPI and information technology costs over just the last five years.<sup>19</sup>



### Impact of NMLS Modernization

Beyond inflation and IT costs, the SRR Board of Managers considered the impact of planned NMLS modernization and operations on the CSBS financial operating position over the next ten years. Contractual limitations with our primary NMLS vendor prevent CSBS from disclosing the specific cost of NMLS modernization and annual NMLS operating costs. However, CSBS does publicly disclose its annual financial statements.<sup>20</sup>

<sup>18</sup> Bureau of Labor Statistics, *Consumer Price Index*, Series ID = CUSR0000SA0 (December 2008 – December 2023).

<sup>19</sup> Source for IT costs: U.S. Bureau of Labor Statistics, *Producer Price Index by Commodity: Professional Services (Partial): Information Technology (IT) Technical Support and Consulting Services (Partial)*, Series ID WPU45610101, retrieved from FRED, Federal Reserve Bank of St. Louis (December 2008 – March 2024). Source for CPI: Summation of the Bureau of Labor Statistics, *Consumer Price Index*, Series ID CUSR0000SA0 (January 2018 – January 2024).

<sup>20</sup> Annual CSBS Consolidated Financial Statements can be found [here](#).

Without an increase in NMLS processing fees, CSBS staff projected losses of nearly \$133 million over the next decade. Planned NMLS operations and modernization costs are by far the most significant contributor to projected CSBS net operating losses over this time frame.

No Change in Processing Fees (\$ in 000's)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenue	98,000	99,200	102,200	105,200	108,400	111,600	114,900	118,400	121,900	125,500
Expenses	(95,600)	(105,800)	(114,200)	(120,600)	(125,000)	(130,400)	(133,800)	(137,000)	(137,400)	(138,400)
Contribution to Net Assets	2,400	(6,600)	(12,000)	(15,400)	(16,600)	(18,800)	(18,900)	(18,600)	(15,500)	(12,900)

## Processing Fee Scenario Analysis

Given the impact of rising costs and NMLS modernization and operations on CSBS financial conditions, the SRR Board of Managers evaluated several processing fee increase scenarios before voting on a fee increase proposal.

The scenarios covered a range of options, with the largest increase reflecting the 46% change in CPI since the launch of NMLS,<sup>21</sup> the lowest increase being 10%, and the proposed fee increase of \$20 for companies and \$5 for branches and individuals across all license/registration and application types (“\$20/\$5/\$5 proposal”). The CSBS staff analysis provided to the SRR Board of Managers examined the CSBS financial impact of each proposed fee increase scenario.

Under the \$20/\$5/\$5 proposal, CSBS staff projected a net operating loss from 2026-2033 of about \$40.5 million. In 2034, following the initial expense and amortization of NMLS modernization, the \$20/\$5/\$5 proposal would allow CSBS to return to a relatively neutral financial operating condition.

Processing Fee Change: \$20, \$5, \$5 (\$ in 000's)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenue	98,000	108,300	111,600	114,900	118,300	121,800	125,500	129,200	133,100	137,000
Expenses	(95,600)	(105,800)	(114,200)	(120,600)	(125,000)	(130,400)	(133,800)	(137,000)	(137,400)	(138,400)
Contribution to Net Assets	2,400	2,500	(2,600)	(5,700)	(6,700)	(8,600)	(8,300)	(7,800)	(4,300)	(1,400)

Projections associated with a 46% change in processing fees estimated a net gain for CSBS over the next decade, while the proposed 10% increase would have resulted in an estimated net operating loss of \$92 million.

## Industry Impact Analysis

The SRR Board of Managers’ review of proposed NMLS processing fee increases included an industry impact analysis. CSBS staff analyzed the impact of the \$20/\$5/\$5 proposal on small to mid-sized companies,<sup>22</sup> large federal institutions, and companies that remit processing fees on behalf of their MLOs. The analysis of small to mid-sized companies found that the proposed fee change would result in an approximate increase for NMLS processing fees of \$400 annually. With respect to the impact to federal institutions and companies that remit NMLS processing fees on behalf of their MLOs, an analysis of these industry groups reflected an average increase

<sup>21</sup> Bureau of Labor Statistics, *Consumer Price Index, Series ID = CUSR0000SA0* (December 2008 – December 2023) (estimating inflation at 46% over this period).

<sup>22</sup> For analysis purposes, CSBS defined a small to mid-size company as a company licensed in five states, with ten branches (each holding licenses in the same states as the company), and with ten MLOs (each holding 3.5 licenses, the current average number of licenses).

of 17% in NMLS processing fees.

### **Pre-Proposal Industry Engagement**

Prior to SRR Board of Managers' consideration and as part of stakeholder outreach efforts, CSBS engaged repeatedly with several regulator and industry trade associations for feedback on the proposed changes, including the Mortgage Bankers Association (MBA), the American Financial Services Association (AFSA), the American Bankers Association (ABA), National Association of State Credit Union Supervisors (NASCUS), National Association of Mortgage Brokers (NAMB), American Association of Residential Mortgage Regulators (AARMR), and the Money Transmitter Regulators Association (MTRA).

In addition, CSBS has numerous regulator and industry committees and working groups involved with NMLS policies and development. CSBS staff sought feedback from several of these groups during the development process for the proposed fee change, including the Industry Development Working Group<sup>23</sup> and the Large Institutions Working Group.<sup>24</sup>

### **SRR Board of Managers' Consideration**

Taking the CSBS financial impact, industry economic factors, and stakeholder feedback into consideration, the SRR Board of Managers unanimously agreed that a fee increase was needed to enable continued NMLS operations and development. Although CSBS staff continued to project a net operating loss over the next decade, the SRR Board of Managers believed that the \$20/\$5/\$5 proposal reflected a commitment to keep NMLS costs as low as possible, to incorporate a shared cost structure for NMLS modernization between CSBS and industry, and to support future NMLS modernization and operations without critically undermining CSBS's financial position and reserves policy. Finally, understanding the current economic environment and industry impact, the proposal was structured to delay impact on active NMLS participants until fall 2025.

The proposal was released for regulator and public comment on May 20, 2024. The comment period closed on July 22, 2024.

### **Comment Period and Continued Industry Engagement**

During the comment period, CSBS conducted two virtual town halls: one for regulators and one for industry. The Industry Town Hall drew close to 300 participants. At both town halls, state regulators and CSBS staff presented the details of the proposed fee increase and answered questions from participants.

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<sup>23</sup> The purpose of the Industry Development Working Group (IDWG) is to provide licensee input into the technical and functional development of the NMLS. This ensures that, to the greatest extent possible, NMLS provides industry users an efficient and effective mechanism for applying for and maintaining their state financial services licenses and all matters related to that license. [Click here](#) to see the list of IDWG members.

<sup>24</sup> The purpose of the Large Institutions Working Group (LIWG) is to provide input on matters related to the NMLS Federal Registry's policy and functionality. The working group is comprised of large mortgage originating institutions across all charter types that are required under federal regulations to register their MLOs in NMLS.



At the Industry Town Hall, topics discussed included the fee change effective date, the current fee structure, plans for reinvesting additional fee revenue, SES,<sup>25</sup> and the lack of impact of the proposed NMLS processing fee increase on individual state licensing fees.

Following the Industry Town Hall, a survey of participants was conducted. Using a scale of 1-5 (1 being Strongly Disagree, 5 being Strongly Agree), participants were asked for their views on the following statements:

- “I understand why the NMLS Fee Change is being proposed.”
- “I understand the NMLS Fee Change's impact on me, my work and my organization.”
- “Through the NMLS Fee Change Public Comment Period, I have the ability to voice my opinion and have been given an outlet for providing feedback on the change.”

The 49 participant responses were overwhelmingly positive.<sup>26</sup>

## Summary of Comments

Ten formal industry responses were received: one from an individual licensee, six from companies, two from federal credit unions, and one from a trade association. The comment letters received can be found [here](#).

Half of the respondents were supportive of the proposal and provided short comments, such as:

- “The proposed adjustments seem more than fair.”
- “The fees proposed [seem] to be reasonable and necessary to maintain operating efficiently and to implement future improvements.”
- “Hopefully, the fee increase will also include the training of the employees to make sure they understand the processes and give the clients better guidance in the future.”<sup>27</sup>
- “The fee increase is reasonable, however some of the monies [need] to be spent to revise the Quick Guides.”

Two of the respondents provided negative general comments without specifically addressing the proposed fee increase.

The remaining three respondents opposed the fee increase. One of these respondents suggested there should not be annual renewals or that renewals should be every two or four years.

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<sup>25</sup> With respect to SES, one respondent to the post-Industry Town Hall survey stated, “[T]he fee increase would be well worth it if it was invested in SES modernization. I have had a good amount of experience with SES and have enjoyed using SES and look forward to seeing it grow. From a mortgage lender standpoint ‘cutting redundant exam questions and reducing operating costs’ in going through state exams would be a tremendous relief in licensing.”

<sup>26</sup> Positive (agree or strongly agree) responses were 37, 43, and 38, respectively. Only 2 respondents indicated they disagreed or strongly disagreed with each of the statements.

<sup>27</sup> This comment provided additional feedback, but the respondent was in favor of the proposed increase, and this is a synopsis of their comments.

One trade association raised several points in their comment letter. These comments can generally be summarized as follows:

- The proposal lacks specifics supporting the proposed fee increases.
- The rationale for different regulator points of view on the SRR Board of Managers was not shared.
- The proposal does not specify how the increased fees will be allocated programmatically among competing NMLS initiatives.
- The process requires more transparency and industry engagement regarding this and other NMLS fee and policy changes.
- CSBS and the SRR Board of Managers should re-propose the licensing fees and provide the specifics of intended updates to the System to justify the cost increases.
- The proposal did not make it clear whether industry conditions were considered.

## Analysis

The SRR Board of Managers followed its published policies<sup>28</sup> for considering the proposed NMLS fee increase. To support its decision-making process, the SRR Board of Managers directed CSBS to engage in substantial industry outreach both before and after the proposal was released for comment. The preceding sections contain a summary of CSBS industry outreach related to the proposal.

Following approval by the SRR Board of Managers, notice regarding the proposal was prominently posted on the home page of the NMLS Resource Center, with significant [detail](#) and supporting material. A [press release](#) was posted on the CSBS website, NMLS X (formerly Twitter) and the CSBS LinkedIn page. CSBS conducted two town halls, one for regulators and one for industry, before the comment period closed.

Industry feedback received both before and after the proposal was published and was largely positive or neutral. Only one affected trade association filed a comment letter. The results of the CSBS industry outreach and a summary of the formal comments received by the SRR Board of Managers are included above.

With respect to concerns articulated in the comment process, CSBS notes the following:

The SRR Board of Managers carefully considered the need for the proposed fee increase, based on the impacts of inflation, planned NMLS enhancements and operations, and rising vendor fees. The SRR Board of Managers' analysis focused on the impact of NMLS modernization and operations relative to CSBS financial conditions over the next decade.

Given the necessity for an increase to preserve CSBS financial stability and planned NMLS enhancements and sustainment, the SRR Board of Managers also reviewed the impact of proposed increase scenarios on affected companies and individual licensees. The details of the SRR Board of Managers' economic impact review are included in the "Analysis and Pre-Proposal Industry Engagement" section.

CSBS contractual requirements with the primary NMLS vendor prohibit publication of details regarding the costs of NMLS modernization and operations. As such, it is not possible to

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<sup>28</sup> See [Public Comment Policy](#).

explain specifically how proposed fee increases will be allocated relative to future NMLS expenses and requirements. Details regarding the goals of NMLS modernization are regularly discussed with industry stakeholders, and additional information regarding the program are routinely posted on [www.csbs.org/mod](http://www.csbs.org/mod).

For transparency, however, the financial analysis provided to the SRR Board of Managers by CSBS has been disclosed above. As noted, it is projected that NMLS modernization and other NMLS operating costs will cause CSBS to incur substantial financial operating losses over the next decade. The processing fee increase proposed by the SRR Board of Managers will help defray some, but not all, of these operating losses.

Even with the proposed \$20/\$5/\$5 increase, CSBS is projected to incur significant operating losses over the next 10 years, which will significantly reduce its financial reserve. The processing fee increase proposed by the SRR Board of Managers reflects a desire to keep industry licensing costs as low as possible consistent with a responsible budget to sustain and enhance NMLS. The proposed increase also reflects the SRR Board of Managers' goal of sharing NMLS modernization costs fairly between CSBS and industry.

In addition to NMLS modernization, fees associated with the proposed increase will support other costs relative to NMLS operations (as detailed on pp. 4-5 above), including the development of common policies and practices among the states and development and maintenance of SES. These investments are designed – following extensive engagement with industry and regulators – to streamline the licensing process for affected firms and individuals and to help reduce the cost of supervision for licensees.

After consideration of several different fee scenarios, the \$20/\$5/\$5 proposal was unanimously approved by the SRR Board of Managers prior to publication for comment.

## Next Steps

CSBS appreciates the feedback from individuals and organizations who submitted comments. Both before and after the proposal was released for comment, regulators and industry were provided significant and meaningful opportunities for engagement and transparency.

CSBS will recommend that the SRR Board of Managers approve the fee changes as proposed given the importance of NMLS modernization and sustainment, the delay of implementation of the proposed increase until March 2025, the relative impact of the recommended \$20/\$5/\$5 proposal on licensees, and the breadth of support among regulators and industry commentators for the proposal.

If approved, the fee change will take effect in March of 2025; however, most current licensees will not be impacted until renewal season in the fall of 2025.

Below is the anticipated timeline for further consideration of the fee review proposal:

<b>Anticipated Timeframe</b>	<b>Milestone</b>
October 2024	SRR Board of Managers to Vote on Fee Change

	Proposal
December 2024	CSBS Board to Vote on Fee Change Proposal
March 2025	If approved, fee change will take effect

The results of the SRR Board of Managers and CSBS Board votes will be published as a News Item on the NMLS Resource Center as soon as practical following the respective votes.

If approved, there will be extensive communication about the fee change.