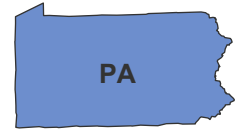




Description



PENNSYLVANIA DEBT MANAGEMENT SERVICES LICENSE

Who is required to have this license?

A debt management services license is required by any person, as defined by the Debt Management Services Act, who advertises, solicits, states or represents that he or she can offer, obtain or procure debt management services.

(NOTE: If licensee is a domestic or foreign not for profit corporation or association and is registered as such under 15 Pa.C.S. Pt. II Subpt. C (relating to nonprofit corporations) with the Secretary of the Commonwealth and has annual gross revenues from debt management service fees and charges of less than \$3,000,000 annually, please refer to the Debt Management Services (DL) Licensing information.)

Section 2 of the Debt Management Services Act defines “Debt Management Services.”

There are certain entities that are exempt from the Debt Management Services Act, including:

- A banking institution or federally chartered or state-chartered credit unions, if the primary regulator of the banking institution or federally chartered or state-chartered credit union supervises the banking institution or federally chartered or state-chartered credit union;
- Judicial officers or persons acting under court order;
- Agencies or instrumentalities of federal, state, or local government;
- Employees of licensees or exempt persons under this Act;
- Attorneys who are admitted to the bar of the Commonwealth of Pennsylvania and provide legal services within an attorney-client relationship who engage in debt management services within the normal course of legal practice.

The exemptions are listed in Section 4 of the Debt Management Services Act.

For help with the NMLS application, see the [Quick Guide for submitting a complete Company Form through NMLS.](#)

What are the pre-requisites for license applications?

- Accreditation: Be accredited by an independent accrediting organization that is acceptable to the Pennsylvania Department of Banking and Securities. A list of department approved organizations is available and can be viewed on our website at www.dobs.pa.gov.
- Financial Statements
 - Provide audited financial statement for the most recent fiscal year, including an audit opinion from an independent Certified Public Accountant.
 - Provide Interim financial statement for current year within 90 days of application.
 - All financial statements must be prepared in accordance with Generally Accepted Accounting Principles.
 - Financial statements should include a Balance Sheet, Income Statement and Statement of Cash Flows and all relevant notes thereto.
 - If applicant is a start-up company, only an initial Statement of Condition is required.

- If applicant is affiliated with another business entity, the applicant must provide the aforementioned statements reflecting the applicant's financial condition and operation on an unconsolidated basis. Additionally, the applicant must furnish the same statements on a consolidated and/or combined basis to reflect the economic reality of all affiliations.
- **Bond:** In accordance with Section 7 of the Debt Management Services Act, the Department of Banking and Securities will not issue a license for a debt management service company unless the applicant has obtained and maintains a bond in an amount greater than the total amount of Pennsylvania consumer funds that the licensee will hold directly or in trust at any time. The bond must be furnished by a surety company legally authorized to transact business in Pennsylvania. The bond shall be a bond conditioned on compliance with the Debt Management Services Act and subject to forfeiture by the Department and shall run to the Commonwealth for its use. The bond may also be used against the licensee for the benefit of any consumer who is injured by a violation of the Debt Management Services Act or regulation promulgated under the act.

The Department provides the required bond form and Debt Management Services Monthly Bond Report worksheet as part of the application.

For additional information on the bond, please refer to Section 7 of the Debt Management Services Act.

- Criminal background check for company owners, officers, and individuals in a position of control.
- Credit check for company owners, officers and individuals in a position of control.
- Tax Certification for company owners, officers, and individuals in a position of control: Licensees are required to provide a certified memorandum indicating all tax obligations to the Commonwealth of Pennsylvania have been paid or that a deferred payment plan with the Pennsylvania Department of Revenue has been made.
- Liability or Fidelity Insurance Policy that insures against dishonest, fraud, theft or other malfeasance on the part of the applicant's employees, officer, directors or principals. The insurance policy needs to be an appropriate amount. An insurance policy of at least \$250,000 is recommended.
- Consumer Education Program offered to consumers, free of charge, that sign up for applicant's debt management services program.
- Policies and Procedures: Policies and procedures that have been developed to receive and process consumer inquires and grievances promptly and fairly.
- Credit Counselors and Supervisors or Managers with direct supervisory duties of credit counselors who perform the consumer education program must be certified by an independent certifying organization acceptable to the department and have a plan to ensure that any of the credit counselors and supervisors or managers with direct supervisory duties of credit counselors who perform the consumer education program who are not certified become certified within six months of the issuance date of the license. A list of department approved organizations is available and can be viewed on our website at www.dobs.pa.gov.

WHO TO CONTACT – Contact the Pennsylvania Department of Banking and Securities, Non-Depository licensing staff by phone at (717)787-3717 or send your questions via e-mail to ra-asklicensing@pa.gov for additional assistance.

THE APPLICANT/LICENSEE IS FULLY RESPONSIBLE FOR ALL OF THE REQUIREMENTS OF THE LICENSE FOR WHICH THEY ARE APPLYING. THE AGENCY SPECIFIC REQUIREMENTS CONTAINED HEREIN ARE FOR GUIDANCE ONLY TO FACILITATE APPLICATION THROUGH THE NMLS. SHOULD YOU HAVE QUESTIONS, PLEASE CONSULT LEGAL COUNSEL.