Who is required to have this license?
A debt settlement services license is required by any person, as defined by the Debt Settlement Services Act, who markets, solicits, offers to provide or agrees to provide debt settlement services for a fee or other consideration.

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

Section 102 of the Debt Settlement Services Act defines “Debt Settlement Services.”

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

- A bank, bank holding company or the subsidiary, agent or affiliate of either, or a credit union or other financial institution licensed charted under Federal or State law.
- A judicial officer, a person acting under an order of a court or an administrative agency or an assignee for the benefit of creditors.
- A title insurer, escrow company or other person that provides bill-paying services if the provision of debt settlement services is incidental to the bill-paying services
- A licensee under the Act of October 9, 2008 (P.L.1421, No.117), known as the Debt Management Services Act, when the provision of Debt Settlement Services is incidental to the provision of Debt Management Services
- An attorney not otherwise engaged in or holding himself or herself out to the public as being engaged in Debt Settlement Services who acts as an intermediary between an individual and one or more of the individual’s creditors in the normal course of legal practice. This paragraph shall not apply if the attorney is compensated by a provider

The exemptions are listed in Section 103 of the Debt Settlement Services Act.

For help with the NMLS application, see the Company (MU1) Form Filing Quick Guide.

Pre-requisites for License Applications

- Financial Statements
  o Provide audited financial statement for the most recent fiscal year, including an audit opinion from an independent Certified Public Accountant.
  o Provide Interim financial statement for current year within 90 days of application.
  o All financial statements must be prepared in accordance with Generally Accepted Accounting Principles.
  o 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 conditional 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.

- **Penal Bond:** In accordance with Section 305 of the Debt Services Act, the Department of Banking and Securities will not issue a license for a debt settlement service company unless the applicant has obtained and maintains a bond in an amount of $25,000. The bond must be furnished by a surety company legally authorized to transact business in Pennsylvania. The bond shall be a penal bond conditioned on compliance with the Debt Settlement 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 Settlement Services Act or regulation promulgated under the act.

  For additional information on the bond, please refer to Section 305 of the Debt Settlement 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.

- **Policies and Procedures:** Policies and procedures that have been developed to receive and process consumer inquires and grievances promptly and fairly.

**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.

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