

California Opens DFPI Licensing Application Process; Agencies must Apply by December

On September 1, 2021, the California Department of Financial Protection and Innovation (DFPI) announced that debt collectors operating in California may now apply for a license with the Department. Debt collectors, debt buyers, and debt collection attorneys operating in California may now submit their application online at the Nationwide Multistate Licensing System (NMLS), which is employed by many other states across the country.

As part of California's Debt Collection Licensing Act (DCLA), which was passed last year, all debt collectors must submit a license application on or before Friday, December 31, 2021, to continue operating in California next year. Once an application is submitted, a debt collector may continue to operate in California while the application is pending; if an application is filed after the deadline, a collector cannot operate until the application is approved. The new law allows the Department to provide consumers a single location to check whether companies are licensed, and whether they have been subject to any enforcement actions, including license suspensions or revocations. California is one of 16 states currently not requiring a license.

The NWLS checklist for new applicants can be found at [CA-DFPI_Debt_Collection_License_Company_New_Application_Checklist.pdf](#) (nationwidelicensingsystem.org). Requirements include submitting and maintaining a surety bond in the amount of a minimum of \$25,000, submitting to a criminal background and credit check, and submitting all relevant company information, including but not limited to, management structure, organizational chart, a business plan, trade names, and primary contact employees.

KD's Consumer Financial Services Group can assist you with any licensing, regulatory, and compliance questions.
Richard Perr, Co-Managing Partner, Philadelphia Office & Chair of the Consumer Financial Services Practice Group
Monica Littman, Philadelphia Attorney
Adam Settle, Philadelphia Attorney