

**JUL 13 2020**

**INDIANA SECRETARY OF STATE  
SECURITIES DIVISION**

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SECRETARY OF STATE**

**STATEMENT OF POLICY REGARDING ABANDONED APPLICATIONS UNDER  
THE INDIANA LOAN BROKER ACT AND COLLECTION AGENCY ACT**

The Indiana Secretary of State and the Securities Commissioner (“Commissioner”) have determined that it is appropriate and within the public interest to issue this Statement of Policy related to incomplete and deficient applications for licensure submitted pursuant to the Indiana Loan Broker Act, I.C. § 23-2.5, *et seq.* (“LBA”) and Indiana Collection Agency Act, I.C. § 25-11, *et seq.* (“ICA”).

**BACKGROUND**

Pursuant to authority provided by the LBA and ICA, the Commissioner has designated the Nationwide Multistate Licensing System (“NMLS”) for processing applications and performing other services deemed necessary for the orderly administration of licensing collection agencies, loan brokers, principal managers, mortgage loan originators, and loan processing companies. I.C. § 23-2.5-11-6(a)(20) (2020); I.C. § 25-11-1-3(g) (2020). Through NMLS, Division personnel are able to evaluate information submitted with an application for licensure and determine whether the requisite criteria have been met. As part of the review, Division personnel may change the “license status” displayed on NMLS, which demonstrates to the public whether a person maintains an active license. Licenses issued pursuant to both the LBA and ICA expire on December 31st of the year they were issued and, as a result, renewal must be completed annually.

The license status for a complete application which demonstrates that the applicant satisfied all required criteria for initial or renewal licensure is “Approved.” In instances where an applicant has failed to supply all required information and/or documentation for licensure, Division personnel designate the license status as “Pending – Deficient” for initial applications and “Approved – Deficient” for renewal applications that are submitted in a timely manner. NMLS classifies the “Pending – Deficient” status as when a regulator determines that documents or information are incomplete or missing from a license request. NMLS classifies the “Approved – Deficient” status as when a regulator determines that an entity is entitled to conduct business, but may be required to provide additional documentation or information to the regulator to comply with licensing requirements. In such instances, the Division will inform the applicant of the specific reasons why the license has not been approved and information concerning how to address the deficiencies.

In certain circumstances, applicants allow an application to remain in a “Pending – Deficient” or “Approved – Deficient” status for several months, including situations when the applicant no longer desires to obtain the license. There is a risk that this delay will confuse industry members and the public as to whether a person is permitted to legally participate in a specific industry. It additionally creates an administrative burden for Division personnel, who remain uncertain whether an applicant is still seeking a license and as a result, devote resources and time

attempting to assist and provide information to applicants who may have become uninterested in pursuing the license.

## POLICY

For the reasons outlined above, starting with the date of this policy, an application which has been designated “Pending – Deficient” or “Approved – Deficient” must be addressed within an appropriate timeframe or it will be designated as “Withdrawn – Application Abandoned.” This license status is defined by NMLS to indicate that an applicant has not responded to regulator requests for additional information within a timely manner.

To implement this policy, the Division will review a “Pending – Deficient” or “Approved – Deficient” application at least once every thirty (30) days to: (1) determine whether the deficiencies have been corrected allowing the application to be approved, or (2) if any deficiencies remain, send an additional alert to the applicant that the application has still not been approved. Not earlier than sixty (60) days after a deficient application has been submitted, the Division will send a final alert to the applicant via email and U.S. mail using the contact information provided by the applicant through NMLS. The alert will inform the applicant that, if all deficiencies are not addressed within thirty (30) days, the Division will designate the application as “Withdrawn – Application Abandoned.” Pursuant to this policy, the Division will not consider an application to be abandoned unless an application has been pending in a deficient status for at least ninety (90) days. The Division, at its discretion, may choose to extend the time to address a deficiency in instances where it has received productive communication from the applicant that evidences progress towards the curing of any listed deficiencies.

An applicant whose application is designated abandoned may initiate a new application. Applications which are designated “Withdrawn – Application Abandoned” are not considered by the Division to be equivalent to an application that is denied for grounds outlined in the LBA or the ICA. To that end, NMLS provides definitions which explain the distinction between denied and abandoned applications to the public. Any fees for applications that are designated “Withdrawn – Applications Abandoned” will be retained by the Division.

DATED in Indianapolis, Indiana, this 13th day of July, 2020.



CONNIE LAWSON  
SECRETARY OF STATE

A handwritten signature in black ink, appearing to read "Alex Glass". The signature is stylized and cursive.

ALEX GLASS  
SECURITIES COMMISSIONER