

Maryland Licensing Through NMLS: FAQs for Trusts

Q: NMLS says that the account administrator should be an employee of the licensee. Who should be the NMLS account administrator for a trust, which has no employees?

A: Typically, an employee of the certificate holder acts as the NMLS account administrator for a trust.

Q: Who should serve as the primary contact and primary consumer complaint contact for a trust?

A: The primary contact could be an employee of the trustee or administrator; it should be someone who will receive communication regarding licensing, examinations, and/or investigations of the trust. The consumer complaint contact could be the appropriate employee of the entity servicing accounts for the trust.

Q: To whom do the MU1 disclosure questions pertain?

A: Those questions pertain to the trust itself, as a legal entity.

Q: If there are no individuals who fit the definition of “control person,” who should complete an MU2 as such?

A: If no one fits the definition of a control person, it is not necessary to have one in NMLS.

Q: NMLS asks for a business plan; trusts don’t typically have such a plan, so what should be provided?

A: The Commissioner of Financial Regulation (“Commissioner”) understands that trusts typically don’t have formal business plans. The trust agreement itself, which must be provided as a formation document, will typically provide a sufficient description of the trust’s purpose that can also serve as a business plan.

Q: What should a trust upload for “Company Staffing and Internal Policies?”

A: The Commissioner understands that a trust has no actual staff, and does not actively engage in any business other than holding accounts, so trusts will not be expected to provide any information regarding staffing or policies.

Q: Are any document samples expected?

A: No. The Commissioner will not look for sample documents from a trust.

Q: What formation documents are required for a trust?

A: The Commissioner will look for the trust agreement and the certificate of trust, as well as documentation of registration (typically included with the certificate of trust).

Q: Must a trust provide a management chart?

A: The Commissioner understands that trusts themselves have no employees and no directors, officers, or managers; however, a simple document providing, for example, the trustee or administrator, agent to the trustee, and the entity servicing accounts for the trust will suffice.

Q: What is expected for an “Organizational Chart/Description?”

A: A trust will typically list the certificate holder as the direct owner, and list owner(s) of the certificate holder as indirect owner(s).

Q: What “Trust Account Authorization” must be provided?

A: This is required only if there are one or more trust accounts in which the applicant holds funds on behalf of others. It is provided so that the Commissioner, in exercising his supervisory authority (or acting on behalf of the Maryland Collection Agency Licensing Board), may verify that funds belonging to others are being disbursed properly.

Q: The MU2 form is to be completed by certain owners. Who must complete the MU2 if the applicant is a trust, and has no such persons?

A: If the trust has no such persons, no MU2 form is required. A license application can be processed in NMLS even if no MU2 forms are submitted.

Q: Do surety bond and net worth/liquid asset requirements apply to trusts?

A: Yes. If the license type for which the trust is applying requires a bond or a bond alternative, then one must be provided. Likewise, if the license type requires a minimum net worth or a minimum amount of liquid assets, the trust must meet the requirement. These are required by law; the Commissioner cannot grant an exception for trusts.

Q: Must a foreign statutory trust provide evidence of good standing with the Maryland Department of Assessments and Taxation?

A: Yes. Md. Code Ann., Corporations and Associations Article §12-902 requires such trusts to register with the Department of Assessments and Taxation before doing any business in Maryland. The Commissioner will not issue a license to an entity that is not authorized to conduct business in this state.