

**286.12-020 License as student education loan servicer -- Exemptions -- Persons servicing federal loans.**

- (1) As used in this section, "federal student education loan" means any:
  - (a) Student education loan issued pursuant to the William D. Ford Federal Direct Loan Program established under 20 U.S.C. sec. 1087a et seq., as amended;
  - (b) Student education loan issued pursuant to the Federal Family Education Loan Program, which was purchased by the United States pursuant to the federal Ensuring Continued Access to Student Loans Act of 2008, Pub. L. No. 110-227, and is presently owned by the United States; or
  - (c) Other student education loan issued pursuant to a federal program that is identified by order of the commissioner as a federal student education loan.
- (2) Except as provided in subsections (3) and (4) of this section, no person shall engage in the business of servicing student education loans in this state without having first obtained a license as a student education loan servicer in accordance with this subtitle.
- (3) The following shall be exempt from the provisions of this subtitle:
  - (a) A bank or trust company doing business under the authority of, or in accordance with, a license, certificate, or charter, issued by the United States, or any state, district, territory, or commonwealth of the United States, that is authorized to transact business in this state;
  - (b) A wholly owned subsidiary of any entity exempt under paragraph (a) of this subsection;
  - (c) A federally chartered savings and loan association, federal savings bank, or federal credit union that is authorized to transact business in this state;
  - (d) A savings and loan association, savings bank, or credit union organized under the laws of this or any other state that is authorized to transact business in this state;
  - (e) A public postsecondary education institution or private nonprofit postsecondary education institution servicing a student education loan extended to a borrower;
  - (f) The United States, or any state, district, territory, commonwealth, or possession of the United States;
  - (g) Any city, county, or other political subdivision of any entity exempt under paragraph (f) of this subsection; and
  - (h) Any agency, division, or corporate instrumentality of any entity exempt under paragraph (f) or (g) of this subsection.
- (4) A person servicing federal student education loans in this state shall:
  - (a) As of July 14, 2022, automatically be deemed, by operation of law, as having been licensed by the commissioner to service federal student education loans in this state;
  - (b) Provide notice to the commissioner that the person is servicing federal student education loans in this state;

- (c) Comply with this subtitle, with the exception of KRS 286.12-030; and
- (d) Not be authorized to engage in the business of servicing non-federal student education loans in this state unless the person is:
  - 1. Exempt from this subtitle under subsection (3) of this section; or
  - 2. Licensed as a student education loan servicer in accordance with this subtitle.

**Effective:** July 15, 2024

**History:** Amended 2024 Ky. Acts ch. 152, sec. 38, effective July 15, 2024. -- Created 2022 Ky. Acts ch. 88, sec. 3, effective July 14, 2022.