

PUBLIC PROTECTION CABINET
Department of Financial Institutions
Student Education Loan Servicers
(Amended at ARRS Committee)

808 KAR 16:010. Licensing, registration, renewals and fees.

RELATES TO: KRS 286.1-010, 286.12-010, 286.12-020, 286.12-030, 286.12-040, 286.12-060, 286.12-070

STATUTORY AUTHORITY: KRS 286.1-011, 286.1-020, 286.12-030, 286.12-040, 286.12-070, 286.12-090

NECESSITY, FUNCTION, AND CONFORMITY: KRS 286.1-020(1) authorizes the commissioner to promulgate, amend, and repeal any administrative regulations, forms, and orders as are necessary to interpret and carry out the provisions and intent of this chapter. KRS 286.12-030(2)(a) authorizes the commissioner to prescribe the form and materials required to apply for a license under KRS Chapter 286.12. This administrative regulation establishes licensing and registration requirements for student education loan servicers and procedures for using the Nationwide Multi-state Licensing System (NMLS).

Section 1. Definitions.

- (1) "Applicant" is defined by KRS 286.12-010(2).
- (2) "Commissioner" is defined by KRS 286.1-010(1).
- (3) "Department" is defined by KRS 286.1-010(2).
- (4) "Federal student education loan" is defined by KRS 286.12-020(1).
- (5) "Student education loan servicer" and "servicer" are defined by KRS 286.12-010(13).

Section 2. Initial Application and Notice.

- (1) A person providing notice to the commissioner as a federal student education loan servicer doing business in Kentucky as of July 14, 2022, shall submit:

- (a) A completed NMLS Company Form available online at <http://mortgage.nationwidelicensingsystem.org>; and

- (b) A completed NMLS Individual Form available online at <http://mortgage.nationwidelicensingsystem.org>;

- (2) Federal student education loan servicers that begin conducting business in Kentucky after July 14, 2022, non-federal student education loan servicers, and federal student education loan servicers that also service non-federal student education loans shall submit:

- (a) A completed NMLS Company Form available online at <http://mortgage.nationwidelicensingsystem.org>;

- (b) A completed NMLS Individual Form available online at <http://mortgage.nationwidelicensingsystem.org>;

- (c) All documents required on the New Application Checklist available online at <http://mortgage.nationwidelicensingsystem.org>;

- (d) Either:

1. An audited financial statement prepared by a certified public accountant (CPA), in accordance with generally accepted accounting principles (GAAP), verifying a minimum net worth of at least \$250,000; or

2. The following CPA prepared financial statements, if the request is made by the applicant and is deemed reasonable by the Commissioner based on the size, structure, and complexity of the applicant:

- a. A Reviewed financial statement; or

- b. A Compiled financial statement;

(e) An Electronic Surety Bond online at <http://mortgage.nationwidelicensingsystem.org>, which shall:

1. Include the name of the principal insured, which shall match the full legal name of applicant;
 2. Be to the benefit of the department; and
 3. Be in an amount of the lessor of:
 - a. \$100,000; or
 - b. 0.01 percent(.0001) of the amount of the Kentucky servicing portfolio; and
- (f) A nonrefundable investigation fee of \$5,000.

Section 3. Renewal Applications - All Licensees.

(1) A licensee applying for an annual renewal of a student education loan servicer license, on or before December 1st, shall:

(a) Submit required updates and attestations verifying that all information in the licensee's record, maintained in the NMLS operated by the State Regulatory Registry, LLC, is correct and available online at <http://mortgage.nationwidelicensingsystem.org>; and

(b) Pay the annual assessment fee to be established by commissioner's order pursuant to KRS 286.12-070(2). The minimum assessment fee shall be \$5,000 and the maximum assessment fee shall be \$20,000.

(2) A licensee applying to reinstate a student education loan servicer license after December 1st shall submit all fees and materials required by subsection (1) of this section.

(3) A licensee applying to reinstate a student education loan servicer license after December 31st shall:

(a) Submit all fees and materials required by subsection (1) of this section; and

(b) Pay a late filing fee of \$1,000 on or before January 31st of the following year that the renewal application was due.

(4) The commissioner shall not accept an application for reinstatement if the application, fees, or any required information is not received on or before January 31st of the following year that the renewal application was due. Failure to complete the reinstatement application of a license shall cause the license to automatically expire as of February 1st by operation of law.

Section 4. Change of address, name, control, or agent for service-All Licensees.

(1) A licensee that intends to change its address, name, or agent for service of process shall notify the commissioner in writing at least:

(a) Ten (10) days prior to the change of address or name; and

(b) Five (5) days prior to the change of agent for service of process.

(2) A licensee that intends to file for a change of control, as defined by KRS 286.12-010(6), shall notify the commissioner in writing within fifteen (15) days after learning of the proposed change of control and thirty (30) days prior to the effective date of the change of control and shall submit:

(a) For an existing licensee acquiring another licensee, a change of control fee of \$1,000; or

(b) For all non-licensed entities, a change of control fee of \$5,000.

(3) A licensee changing its address, name, control, or agent for service of process shall update this information in NMLS within the same time periods set forth in this section.

Section 5. Annual Report - All Licensees. Each licensee shall file an annual report electronically with the commissioner, on Form SLSCR-Student Loan Servicer Call Report, on or before November 1st of each year.

Section 6. Electronic Submission of Filings and Fees through the Nationwide Multistate Licensing System Operated by the State Regulatory Registry, LLC.

(1) A person applying for licensure, registration, renewal, or reinstatement pursuant to Sections 2, 3, or 4 of this administrative regulation shall electronically submit the following to NMLS, at <http://mortgage.nationwidelicensingsystem.org>, as part of the nationwide multi-state licensing system:

(a) All forms, updates, attestations, reports, and documentation required by Sections 2, 3, and 4 of this administrative regulation, as applicable; and

(b) All fees referenced in this administrative regulation.

(2) Any fees assessed by NMLS, to process the electronic submissions referenced in Sections 2, 3, or 4 of this administrative regulation shall be paid by the applicant.

Section 7. Incorporation by Reference.

(1) "SLSCR-Student Loan Servicer Call Report", January 2023, is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department of Financial Institutions, 500 Mero St 2SW19, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 5 p.m. This material may also be obtained from the department's Web site at <http://www.kfi.ky.gov>.

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