

286.12-030 Application for license -- Requirements -- Denial -- Abandoned application -- License not transferable.

- (1) As used in this section, "substantial stockholder" means a person owning or controlling, directly or indirectly, ten percent (10%) or more of the total outstanding stock of a corporation.
- (2) A person applying for a license as a student education loan servicer under this subtitle shall:
 - (a) Submit a completed application to, and in a form prescribed by, the commissioner, which shall include:
 1. The name of the applicant and each of the applicant's affiliates and operating subsidiaries engaged in business as a student education loan company or a student education loan broker;
 2. The name under which the applicant will conduct business in Kentucky;
 3. The physical address of the applicant's principal office and branch or branches;
 4. The name, residence, and business address of each person having an interest in the business as a managing officer, director, general partner, or managing member, as may be applicable, specifying the capacity and title of each;
 5. A description of the activities of the applicant, in such detail and for such periods as the commissioner may require;
 6. An affirmation of financial solvency, noting any capitalization and access to credit as the commissioner may require;
 7. A financial statement prepared by a certified public accountant, the accuracy of which is sworn to under oath before a notary public by an officer or other representative of the applicant who is authorized to execute such documents;
 8. An affirmation that the applicant, or its managing officers, directors, general partners, and managing members, as may be applicable, are at least twenty-one (21) years of age;
 9. Information as to the character, fitness, financial and business responsibility, background, and experience of the applicant, and its managing officers, directors, general partners, and managing members, as may be applicable;
 10. The name of at least one (1) of the applicant's managing officers who has a minimum of at least two (2) years' experience in the student education loan servicing industry; and
 11. Any additional detail or information as the commissioner deems necessary;
 - (b) Maintain the minimum net worth requirements prescribed by the commissioner in administrative regulation or order, which may include the following:

1. Applicable reserves consisting of high-quality investments; and
 2. A surety bond;
- (c)
1. Submit an investigation fee prescribed by the commissioner in administrative regulation which shall be adjusted by order five (5) years from July 14, 2002, and every five (5) years thereafter.
 2. An adjustment made pursuant to subparagraph 1. of this paragraph may be based on the nonseasonally adjusted Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, as published by the United States Bureau of Labor Statistics; and
- (d)
1. Submit the name, address, telephone number, and electronic mail address of an agent for service of process.
 2. The commissioner shall be notified in writing at least five (5) days prior to any change in the status of the agent for service of process.
- (3) The commissioner may deny an application for a license as a student education loan servicer if:
- (a) A false statement of material fact has been made on the application;
 - (b) A material requirement for issuance of the license has not been met;
 - (c) The commissioner determines that the applicant has not submitted a completed application;
 - (d) The applicant or any managing officer, director, general partner, or managing member, or substantial stockholder, as may be applicable, of the applicant:
 1. Within the last ten (10) years:
 - a. To the extent permitted under KRS 335B.020, has a felony conviction; or
 - b. Has committed any act involving dishonesty, fraud, or deceit, but only if the act is substantially related to the qualifications, functions, or duties of a person engaged in business in accordance with this subtitle;
 2. Has violated or is not in material compliance with:
 - a. Any provision of this subtitle;
 - b. An administrative regulation promulgated pursuant to this subtitle;
 - c. An order of the commissioner; or
 - d. Any similar regulatory scheme of this or a foreign jurisdiction;
 3. Has been held liable within the past seven (7) years by final judgment in any civil action or by administrative judgment by any public agency related to a financial matter;
 4. Has had, or has been, a managing officer, director, partner, managing member, or substantial stockholder of an entity which had a license or registration revoked by the commissioner or any other regulator or jurisdiction; or
 5. Has otherwise been an agent or employee of an entity which has had a

license or registration revoked by the commissioner and the person was found by the commissioner to bear responsibility in connection with the revocation; or

- (e) The commissioner is unable to find that the financial responsibility, experience, character, and general fitness of the applicant, together with its managing officers, directors, general partners, managing members, and substantial stockholders, as may be applicable, command the confidence of the community and warrant belief that the business will be operated fairly, honestly, and efficiently within the purposes of this subtitle.
- (4) The commissioner may deem an application abandoned if an applicant fails to provide or respond to a request for additional information within sixty (60) days of the request.
- (5) Except as provided in KRS 286.12-040, a license issued under this subtitle shall not be transferable.

Effective: July 14, 2022

History: Created 2022 Ky. Acts ch. 88, sec. 4, effective July 14, 2022.