

**DISTRICT OF COLUMBIA
DEPARTMENT OF INSURANCE, SECURITIES AND BANKING**

NOTICE OF EMERGENCY AND PROPOSED RULEMAKING

The Commissioner of the Department of Insurance, Securities and Banking (“Commissioner”), pursuant to the authority set forth in section 7c of the Department of Securities Regulation Establishment Act of 1996, effective February 18, 2017 (D.C. Law 21-214; D.C. Official Code §§ 31-106.03), and Mayor’s Order 2017-206 (dated September 8, 2017), hereby gives notice of the adoption, on an emergency basis, of a new Chapter 30 (Student Loan Servicers), of Title 26 (Insurance, Securities, and Banking), Subtitle C (Banking and Financial Institutions), of the District of Columbia Municipal Regulations (“DCMR”).

The proposed chapter clarifies and implements the Student Loan Ombudsman Establishment and Servicing Regulation Amendment Act of 2016, effective February 18, 2017 (D.C. Law 21-214; D.C. Official Code § 31-106.01 *et seq.*), so that the provisions of the act may be best effectuated and the public interest most effectively served. This emergency rulemaking is necessary because the District must [continue to](#) act swiftly to ensure the long-term financial safety and security of District residents with student educational loans. The federal government has begun to amend and repeal several federal regulations and policies related to student aid. The U.S. Department of Education has already announced plans to revise nearly ten regulations and policies that directly affect student loan borrowers. These revisions include the suspension of several changes designed to simplify and expedite the claims process for borrowers who fell victim to deceptive tactics by certain colleges. The Department of Education ~~has~~ also [has](#) withdrawn several Obama administration memoranda crafted to strengthen consumer protections for student loan borrowers, including consideration of a loan servicer’s records related to consumer complaints and investigation prior to the award of any federal contract.

District residents have filed more than four hundred (400) complaints with the federal Consumer Financial Protection Bureau (“CFPB”) in the past five (5) years related to issues arising from interactions with student loan servicers. Poor customer service resulting in substantial confusion about loan payment timetables and amounts has been a recurring theme among residents diligently working to pay off their student debt.

Considering the pending and potential changes in federal law and policy related to student loan borrowers, the District must increase its efforts to ensure that student loan servicers are acting in the best interests of the District of Columbia borrowers they serve. This is vital to promoting consumer confidence, and to maintaining the economic prosperity the District has seen in recent years. This rulemaking will provide the necessary framework for the Department of Insurance, Securities and Banking and its Student Loan Ombudsman to ensure that borrower interactions with their servicers are marked by professionalism and efficiency that will facilitate loan repayment.

Emergency action also is necessary because multiple regulated entities have already been approved for licensure under the [previous and current versions of these emergency](#) rules, and several others are pending approval. It is imperative that there be continuous regulatory coverage

for these entities until final rules have been promulgated. Preservation of the ~~current~~ regulatory framework ~~is~~ is vital to protecting student loan borrower interests, and to the regulated entities that now rely on it. Because of these imperatives, this emergency and proposed rulemaking is necessary for the immediate preservation of the public's safety and welfare.

A Notice of Emergency and Proposed Rulemaking was adopted on September 8, 2017 and became effective on that date ("Notice"). The Notice was published in the D.C. Register on October 27, 2017 at 64 DCR 11287. The comment period closed on November 27, 2017. The Department received four (4) comments on the initial emergency and proposed rules. [A Notice of Second Emergency and Proposed Rulemaking was adopted on December 26, 2017, and became effective on that date \("2nd Notice"\). The Notice was published in the D.C. Register on January 26, 2018 at 65 DCR 692. The comment period closed on February 26, 2018. The Department received one \(1\) comment on the second emergency and proposed rules.](#)

The Department is promulgating this emergency and proposed rulemaking in order to ensure continuous regulatory coverage as the Department considers the comments and suggested modifications put forward by the student loan servicing community in the initial ~~and second~~ thirty (30) day comment ~~period~~periods, and makes appropriate revisions to the rules based upon stakeholder concerns. This emergency and proposed rulemaking makes ~~one (1) substantive change: the Annual Assessment fee, which was initially set at eight hundred dollars (\$800) plus six dollars and sixty cents (\$6.60) per loan has been reduced to fifty cents (\$0.50) per borrower residing in the District of Columbia serviced by a servicer. The Assessment would not be due until license renewal~~numerous substantive changes in response to the public comments received by the Department.

These emergency rules were adopted on ~~December 26, 2017,~~April 20, 2018, and became effective on that date. These emergency rules hereby supersede emergency rules adopted on ~~September 8,~~December 26, 2017. These emergency rules shall remain in effect for not longer than one hundred and twenty (120) days from the date of adoption, expiring on ~~April 25,~~August 18, 2018, unless earlier superseded by publication of a Notice of Final Rulemaking in the D.C. Register. The Commissioner also gives notice of the intent to take final rulemaking action to adopt these proposed rules in not less than thirty (30) days after the date of publication of this notice in the D.C. Register.

A new Chapter 30, STUDENT LOAN SERVICERS, of Title 26-C DCMR, BANKING AND FINANCIAL INSTITUTIONS, is added to read as follows:

CHAPTER 30 STUDENT LOAN SERVICERS

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3000 SCOPE AND APPLICABILITY

3000.1 This chapter shall apply to any person or entity that operates as a student loan servicer in the District of Columbia (“District”).

3001 EXEMPTIONS

3001.1 This chapter shall not apply to any bank, trust company, ~~other~~ loan company, savings bank, savings and loan association, credit union, or financial institution that accepts deposits and is incorporated or chartered under the laws of the District, the United States, or any state or territory of the United States.

3001.2 This chapter shall not apply to a public postsecondary educational institution or private non-profit postsecondary educational institution servicing a student loan it extended to a borrower.

3002 LICENSE APPLICATION CONTENT, FEES, AND QUALIFICATIONS

3002.1 A license application shall be filed on a form prescribed by the Commissioner, using the National Multistate Licensing System (“NMLS”).

3002.2 The application shall include at a minimum:

- (a) Statements under oath that the applicant has never had an educational or student loan-related license, or other financial services related license, revoked by any governmental agency in any jurisdiction;
- (b) Statements under oath that the applicant and each of its officers, directors, partners, and owners of a controlling interest have not been convicted of, or pled guilty or nolo contendere, to a felony in a domestic, foreign, or military

court:

- (1) During the seven (7) year period preceding the date of the application for licensure; or
 - (2) At any time preceding the date of application, if the felony involved an act of fraud, dishonesty, a breach of trust, or money laundering;
- (c) Evidence of the applicant's financial responsibility, character and general fitness that warrants a determination that the applicant will operate honestly, fairly, and efficiently within the purposes of the ~~act~~Act. For the purposes of this paragraph, an applicant shall not be found financially responsible if the applicant has:
- (1) Current outstanding judgments, ~~except judgments solely as a result of medical expenses;~~ or
 - (2) Current outstanding tax liens or other government liens ~~and~~or filings;
 - ~~(3) Foreclosures within the past three (3) years; or~~
 - ~~(4) A pattern of seriously delinquent accounts within the past three~~
~~(3)~~
~~years;~~
- (d) Evidence demonstrating that the applicant has met the applicable net worth and surety bond requirements pursuant to D.C. Official Code § 31-106.02(c)(1)(C) and (D), and §§ 3003 and 3004 ~~of these rules;~~
- (e) Payment of applicable fees as described in ~~Appendix A of these rules~~ § 3023 and any outstanding fees due to the Department or to the District, including compliance with the Clean Hands Before Receiving a License or Permit Act of 1996, effective May 11, 1996 (D.C. Law 11- 118; D.C. Official Code § 47-2861 *et seq.*);
- (f) The legal name, trade name, and business address of the applicant and, if the applicant is a partnership, association, company, or corporation, of every partner, member, officer, and director thereof;
- (g) All names, including but not limited to, website domain names, under which the applicant will conduct business in the District;
- (h) The complete name and address of the applicant's ~~initial~~ registered agent and registered office for service of process in the District;
- (i) Information to demonstrate the applicant's current qualifications to ~~do~~

[business service student education loans](#) in the District;

- (j) The general plan and description of the applicant's business, including policies and procedures for receiving and processing consumer inquiries, complaints, and grievances promptly and fairly;
- (k) The address of the applicant's principal place of business and any branch or branch offices from which the applicant proposes to operate as a student loan servicer; and
- (l) Other data, financial statements, and information as the Commissioner may require with respect to the applicant, its partners, members, officers, directors, trustees, or agents.

[3002.3](#) [The applicant shall label any confidential information submitted pursuant this section as "confidential information." Confidential information shall be exempt from disclosure pursuant to the Freedom of Information Act of 1976, effective March 29, 1977 \(D.C. Law 1-96; D.C. Official Code § 2-531 et seq.\).](#)

3003 FINANCIAL STATEMENTS AND NET WORTH REQUIREMENT

3003.1 An applicant for a student loan servicer license shall submit its audited financial statements for the immediately preceding three (3) years, or for the period the applicant has been in business [if](#) less than three (3) years. Financial statements shall be prepared in accordance with generally accepted accounting principles.

3003.2 The financial statements shall include:

- (a) A balance sheet;
- (b) An income statement;
- (c) A statement of cash flows; and
- (d) All relevant notes included with the documents listed in § 3003.2 (a) through (c).

3003.3 A student loan servicer shall demonstrate and continuously maintain a net worth of not less than two hundred fifty thousand dollars (\$250,000).

3004 SURETY BOND REQUIREMENT

3004.1 An applicant for a student loan servicer license shall file a surety bond in a form prescribed by the Commissioner with each original application and any renewal application.

3004.2 The surety bond shall:

- (a) Run to the Commissioner for the benefit of:

- (1) The District and any person or entity who has been damaged by a licensee as a result of violating ~~any law or regulation~~the Act, these regulations, or any order governing the activities of a student loan servicer as determined by the Commissioner; or
- (2) The recovery of fines, fees, or expenses levied against a licensee pursuant to the ~~act~~Act;
- (b) Be issued by an insurer authorized to do business in the District;
- (c) Be conditioned upon the applicant:
 - (1) Complying with all District and federal laws regulating the activities of student loan servicers;
 - (2) Performing all written agreements with student loan borrowers; and
 - (3) Accounting for all funds received by the licensee in conformity with a standard system of accounting ~~consistently applied~~;
- (d) Be continuously maintained thereafter for as long as any license issued under the ~~act~~Act and this chapter remains in force; and
- (e) Be issued in the applicant's legal name and include any trade names, if ~~applicable~~applicable.

3004.3 Each student loan servicer licensee shall maintain a continuous surety bond in the amount of fifty thousand dollars (\$50,000) at all times as a condition of licensure.

3004.4 When an action is commenced on a licensee's bond, the Commissioner may require the filing of a new bond pursuant to the requirements of this section.

3004.5 Immediately upon recovery or upon any action on the bond, the licensee shall file a new bond pursuant to the requirements of this section.

3004.6 Any person or entity who may be damaged by the noncompliance of a licensee with any condition of the bond may proceed on the bond against the principal or surety, or both, to recover damages.

3004.7 Regardless of the number of years the bond remains in effect, the number of premiums paid, the number of renewals of the license, or the number of claims made, the aggregate liability under each bond shall not exceed the penal sum of the bond.

3005 INCOMPLETE AND ABANDONED APPLICATIONS

- 3005.1 An application shall be deemed incomplete if it omits required information, documents, or material facts.
- 3005.2 If the Commissioner determines that an application is incomplete, the Commissioner shall notify the applicant of the deficiencies through the NMLS. The applicant shall correct a deficiency associated with an application within forty-five (45) days of being notified through the NMLS that the application is deficient.
- 3005.3 If the applicant fails to complete the application or respond to deficiencies within the forty-five (45) day period, the application will be considered abandoned.
- 3005.4 Abandonment of an application pursuant to this chapter shall not preclude the applicant from submitting a new application and appropriate fees for a license.

3006 WITHDRAWAL OF AN INITIAL APPLICATION

- 3006.1 An applicant may request withdrawal of an application and any fees prior to a determination on the application, by filing the request through the NMLS.
- 3006.2 No withdrawal shall be effective until accepted by the Commissioner.

3007 ISSUANCE AND TRANSFERABILITY OF A LICENSE

- 3007.1 The Commissioner shall approve an initial license application that meets the requirements of this chapter not later than sixty (60) days from the date the Commissioner determines that the application is complete, ~~and meets the requirements of this chapter.~~
- 3007.2 A licensee shall continuously maintain its license ~~or qualification~~ and qualifications to do business in the District ~~so for as~~ long as the student loan servicer license is in effect.
- 3007.3 The Commissioner may restrict or impose conditions on any license in conjunction with a violation of the Act, these regulations, or any orders issued by the Commissioner.
- 3007.4 Licensees are under a continuing obligation to update information on file with the Commissioner. If any information filed with the Commissioner becomes inaccurate, the licensee shall promptly within ten (10) business days submit to the Commissioner an amendment to its record that will correct the information on file with the Commissioner.
- 3007.5 A licensee shall not operate as a student loan servicer under any other name or at any other place of business other than that named in the license, unless the licensee has taken action pursuant to § 3007.4.
- 3007.6 A license shall remain in force until it has expired or has been surrendered,

revoked, or suspended in accordance with the provisions of this chapter. The expiration, surrender, revocation, or suspension of a license shall not affect any pre-existing legal right or obligation of the licensee, including any civil or criminal liability of a licensee for acts committed before the license expired or was surrendered, revoked, or suspended.

3007.7 A license granted pursuant to this chapter shall not be transferable or assignable.

3007.8 Not more than one (1) place of business shall be maintained under the same license, but the Commissioner may issue more than one (1) license to the same student loan servicer licensee upon compliance with all applicable provisions of this chapter governing the original issuance of a license.

3008 INFORMATION CHALLENGE PROCESS

3008.1 A licensee may challenge information entered into the NMLS by the Commissioner. Any such challenge must be in writing and include the specific information being challenged and supporting information to evidence that the information being challenged is incorrect or invalid.

3008.2 The grounds for the challenge shall be limited to the factual accuracy of the information pertaining to the licensee's own license record that the Commissioner has entered into the NMLS. ~~A licensee shall not submit a challenge to protest a disciplinary action the Commissioner has taken against the licensee or to appeal the underlying reasons for the disciplinary action.~~

3008.3 A challenge pursuant to § 3008.1 shall be filed with the Commissioner within forty-five (45) business days from the date the information is entered into the NMLS.

3008.4 The Commissioner shall respond to the challenge within twenty-one (21) business days by:

- (a) Granting the challenge and entering the requested change;
- (b) Granting the challenge and allowing the licensee to submit information to be entered into the system; or
- (c) Denying the challenge.

3008.5 Information submitted by a licensee pursuant to § 3008.4(b) shall be limited in scope to correcting factual errors identified by the licensee and submitted to the Commissioner pursuant to §§ 3008.1 and 3008.2.

3009 EXPIRATION AND RENEWAL OF LICENSE

3009.1 A student loan servicer license shall expire on December 31st of each year.

- 3009.2 In order to renew a license, a licensee shall:
- (a) File a license renewal application with the NMLS on a form prescribed by the Commissioner at least thirty (30) days before the expiration date of the licensee's current license;
 - (b) Pay the required fees prescribed in [Appendix A § 3023](#) and supply the Commissioner with any other required information; and
 - (c) Demonstrate that the licensee continues to meet the standards for licensure under the [actAct](#) and this chapter.

3010 LICENSE REINSTATEMENT

- 3010.1 A renewal license application filed after the license expiration deadline set forth in § 3009.1 but before the last day of February of any year shall be subject to, and accompanied by, a reinstatement fee as prescribed in [Appendix A § 3023](#).
- 3010.2 A license that remains expired after the last day of February of any year, ~~or another date that may be selected by the NMLS for the same purpose,~~ cannot be renewed.

3011 DENIAL OF APPLICATION

- 3011.1 The Commissioner shall approve or deny a license or renewal application not later than sixty (60) days from the date the Commissioner determines that the application is complete.
- 3011.2 If a license or renewal application is denied, the Commissioner shall notify the applicant and set forth reasons for the denial. The applicant may appeal the Commissioner's decision in accordance with the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1203; D.C. Official Code § 2-501 *et seq.*).

3012 CHANGE OF LOCATION

- 3012.1 A licensee shall notify the Commissioner, in the form prescribed by the Commissioner, of a change ~~to the~~[of](#) location of the business ~~and pay all applicable fees as prescribed by the Commissioner.~~

3013 SURRENDER OF LICENSE

- 3013.1 A licensee who intends to permanently cease operating as a student loan servicer during a license period shall file a request to surrender the license for each office at which the licensee intends to cease operations on a form prescribed by the Commissioner.

3013.2 The Commissioner may request the reason for the cessation of business in the District.

3013.3 No surrender shall be effective until ~~accepted~~approved by the Commissioner.

3013.4 The surrender of a license does not affect any legal right or obligation described ~~under and pursuant to~~in § 3007.6.

3014 ANNUAL REPORT AND REPORTING REQUIREMENTS

3014.1 A student loan servicer licensee shall, on or before January 30, submit an annual report for the preceding calendar year to the Commissioner in a form prescribed by the Commissioner.

3014.2 The annual report shall include ~~information on~~ the following information:

- (a) The number of student education loans sold, assigned, or transferred during the preceding calendar year; and
- (b) Any other relevant information related to business operations required by the Commissioner by bulletin or notice.

3014.3 A licensee that fails to file an annual report at the time prescribed by the Act, shall be assessed a late penalty of up to fifty dollars (\$50) per day following the date the annual report is due until the annual report is filed with the Commissioner.

3015 ANNUAL ASSESSMENTS

3015.1 ~~Each~~Beginning with the calendar year starting on January 1, 2017, each licensed student loan servicer who held a license during the ~~prior licensing period~~calendar year shall be subject to an annual assessment fee as prescribed in ~~Appendix A~~§ 3023. The Commissioner shall assess this fee at the end of each annual licensing period.

3015.2 The annual assessment fee shall be determined to be ~~the sum of a fixed amount plus~~a variable amount based on the number of ~~loans~~student loan borrowers serviced in the ~~previous~~annual license period as prescribed in ~~Appendix A~~§ 3023.

3015.3 ~~A licensee who has been charged and pays an annual assessment fee shall not be subject to an examination fee in the same year unless the following occurs:~~

- ~~(a) The Commissioner determines that an out-of-the-District examination is necessary; or~~
- ~~(b) The Commissioner determines that an unscheduled examination is necessary.~~3015.4 AllThe annual assessment fees for a licensee

shall be invoiced through the NMLS and ~~are~~ repayment of the fees is due on or before November ~~+15th~~ of ~~each~~ the calendar year ~~following the licensing period.~~

~~3015.5~~ 3015.4 In the case of a licensee surrendering a license, the licensee shall pay any unpaid annual assessment for the preceding calendar year and an assessment for the current calendar year through date of surrender, which shall be due no later than thirty (30) days after receipt of a surrender request in the NMLS.

3016 NOTIFICATION OF SIGNIFICANT EVENTS BY LICENSEE

3016.1 A licensee shall notify the Commissioner, in writing, within ~~five~~ ten (~~5~~ 10) business days, of the occurrence of any of the following ~~significant~~ events:

- (a) The filing for bankruptcy or reorganization by the licensee;
- (b) The existence of any material fact or condition if that fact or condition: (1)
Has a significant negative impact on the licensee's financial condition and ability to maintain the financial requirements prescribed in this chapter;
(2) Precludes the licensee from fulfilling its contractual obligations; or
(3) ~~(b)- Any fact or condition that exists that has a negative impact on the licensee's financial condition and ability to maintain the financial requirements prescribed in this chapter, or which precludes~~ Prevents the licensee from operating in a ~~safe and sound~~ manner consistent with the ~~act~~ Act, these regulations, and in the best interests of District consumers;
- (c) Settlement or resolution of any civil action or proceeding against the licensee involving fraud, misrepresentation, or wrongful taking of property;
- (d) Receipt of notification of the initiation of any action against the licensee by the District of Columbia Office of the Attorney General or of any other state or federal agency, and the reasons therefor;
- (e) Receipt of notification of license denial, cease and desist order, initiation of suspension or revocation proceedings, issuance of formal orders of suspension or revocation or other imposed disciplinary action, or other formal or informal regulatory action, from any state or federal agency against the licensee, and the reasons therefor; or
- (f) A charge of or conviction of the licensee or a person who exercises control over a licensee of any criminal offense involving financial services or financial services related to the business; or any charge

involving fraud, false statements or omissions, theft or wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion.

3017 SPECIAL REPORTS

3017.1 The Commissioner may require a licensee to submit a report of a condition, which must be in the form and ~~must~~ contain the information; prescribed by the Commissioner by bulletin or notice.

3018 RECORD KEEPING

3018.1 ~~For~~Except to the extent prohibited by federal law, for each student education loan sold, assigned, transferred or serviced, a licensee shall retain ~~adequate~~ records of each transaction for at least three (3) years after final payment is made on the student educational loan, or after the assignment or transfer of the student education loan, whichever first occurs.

3018.2 Each licensee shall make applicable books and records available to the Commissioner or send such records to the Commissioner by registered or certified mail, return receipt requested, or by any express delivery carrier that provides dated delivery receipt, no later than ~~seven~~fifteen (15) business days after the Commissioner's official request. Upon request, the Commissioner may grant a licensee additional time to make such books and records available.

3018.3 The records in §§ 3018.1 and 3018.2 shall not be subject to public disclosure under the Freedom of Information Act of 1976, effective March 29, 1977 (D.C. Law 1-96; D.C. Official Code § 2-531 et seq.).

3018.4 The Commissioner may waive or reduce requirements in this section if the Commissioner determines that compliance would require the licensee to violate federal law.

3019 SUSPENSION AND REVOCATION OF LICENSE

3019.1 The Commissioner may suspend or revoke a license issued under this chapter, or take any other action provided for in this chapter, if the Commissioner finds that:

- (a) The licensee has violated materially any provision of this chapter or any regulation or order lawfully made pursuant to and within the authority of this chapter, or failed to correct any non-material violation within the period prescribed by the Commissioner;
- (b) Any fact or condition exists which, if it had existed at the time of the original application for the license, would have warranted a denial of the license; or
- (c) The licensee refuses to permit the Commissioner to make an

examination or investigation authorized under this chapter.

3020 ORDER OF REVOCATION AND NOTICE OF SUSPENSION

- 3020.1 An order issued pursuant to D.C. Official Code § 31-106.02(h)(2) shall include:
- (a) The date the order was entered;
 - (b) The basis for the proposed action;
 - (c) The date by which the person or entity must file a written request for reconsideration; and
 - (d) The date by which the Commissioner shall consider the order to be final.
- 3020.2 A notice of suspension under D.C. Official Code § 31-106.02(i) shall include: (a) The date the notice was issued;
- (b) A statement determining that suspension is in the public interest;
 - (c) The grounds for the suspension;
 - (d) The date by which the person or entity must file a written request for a hearing; and
 - (e) Notice that the failure of the person or entity to file a written request for a hearing with the Commissioner within the specified time period shall constitute a waiver of a hearing.
- 3020.3 Unless otherwise required by the ~~act~~Act, a final order, temporary order, or any other type of enforcement action taken by the Commissioner shall be issued or conducted in accordance with D.C. Official Code §§§ 31-106.02(h-) and (i).
- 3020.4 The Commissioner may make public a final order, temporary order, or any other type of enforcement action taken by the Commissioner.
- 3020.5 All hearings held pursuant to this section shall be conducted pursuant to the Rules of Practice and Procedure for Hearings set out in Chapter 38 of Title 26-A of the District of Columbia Municipal Regulations.
- 3020.6 Any order issued by the Commissioner pursuant to D.C. Official Code § 31-106.02(h) shall remain in full force and effect until and unless later modified or

vacated by the Commissioner.

3021 EXAMINATIONS AND INVESTIGATIONS

- 3021.1 The Commissioner, ~~or the Commissioner's designated agent~~, shall examine the affairs, business premises, and records of each licensee at least once every three (3) years and at any other time the Commissioner considers necessary. The Commissioner may require the licensee to provide any information the Commissioner determines is necessary for a complete examination, including policies and procedures, consumer complaints, financial statements, and any other reasonable information.
- 3021.2 The Commissioner ~~or the Commissioner's designee~~, on the basis of a written complaint or on his or her own initiative, may conduct an investigation into the transactions, business, and records of any licensee or unlicensed person or entity who the Commissioner has reason to believe is engaging in any business subject to the ~~act~~Act or this chapter.
- 3021.3 The investigation by the Commissioner, or the Commissioner's designee, under this section may include an examination. Examinations may be conducted in conjunction with examinations to be performed by representatives of federal or state governmental agencies ~~of another state~~.
- 3021.4 The Commissioner may, at his or her discretion, consider reports prepared by other federal or state agencies in conducting his or her own examination or investigation.
- 3021.5 To defray the costs of ~~an examination, every student loan servicer required to be licensed under this chapter~~ a special examination or investigation of a licensee, the licensee shall be subject to an examination/investigation fee as prescribed in ~~Appendix A.~~§ 3023.
- ~~3021.5- A licensee who has been charged and pays an examination fee, shall not be subject to an annual assessment fee in the same year unless the events set forth in § 3015.3 occur.~~
- 3021.6 The Commissioner may examine a licensee located outside the District of Columbia and charge the licensee the fee prescribed in ~~Appendix A.~~§ 3023. When it becomes necessary to examine or investigate the affairs, books, and records of a licensee required to be licensed under this chapter at a location outside the Washington, D.C. metropolitan region, the licensee shall ~~be liable for, and shall pay the Commissioner within thirty (30) days~~, the actual travel ~~and reasonable living expenses~~costs incurred on account of its examination, ~~supervision, and regulation, or shall pay or investigation and~~ a reasonable per diem rate approved by the Commissioner within thirty (30) days after the conclusion of the examination or investigation.

3022 COMPLAINTS

3022.1 ~~Any~~^A complaint against a licensee shall be filed with the Commissioner, on a form prescribed by the Commissioner, and in accordance with ~~any~~^{the} procedures or processes prescribed by the Commissioner by bulletin or notice.

3022.2 The Commissioner may provide information on consumer complaints to ~~the NMLS and~~ other state and federal regulatory agencies, using the NMLS or another information management system, provided that the other state and federal regulatory agencies have agreed to maintain and protect all confidential consumer information.

3023 ~~PENALTIES~~ LICENSING FEES

3023.1 ~~Any licensee that fails to file an annual report at the time prescribed by the act, shall be assessed a late penalty of up to one thousand dollars~~ The following Student Loan Servicer Licensing Fees shall be applicable to an applicant or a licensee.
~~(\$1,000) per business day following the date the annual report is due until the annual report is filed with the Commissioner.~~

~~3023.2 A licensee, or a person required to have a license under the act, shall be assessed up to the maximum penalties upon a violation of the act as follows:~~

~~(a) Five thousand dollars (\$5,000) for each occurrence of each violation of the act if the person committing the violation is a licensee, and the licensee has no more than one (1) violation of the act during the current license period; and~~

~~(b) Twenty five thousand dollars (\$25,000) for each occurrence of each violation of the act if the person committing the violation is not licensed by the Commissioner.~~

~~3023.3 The Commissioner, in his or her discretion, may reduce the penalty imposed under this chapter upon good cause shown, in writing, by the person or entity against whom the penalty would be imposed.~~

~~3099~~ DEFINITIONS

~~3099.1 For the purpose of this chapter, the following terms have the meaning ascribed:~~

~~**Act**—The Department of Securities Regulation Establishment Act of 1996, effective May 21, 1997 (D.C. Law 11-268; D.C. Official Code § 31-101 *et. seq.*), as amended by the Student Loan Ombudsman Establishment and Servicing Regulation Amendment Act of 2016, effective February 18, 2017 (D.C. Law 21-214; D.C. Official Code §§ 31-106.01-.03).~~

~~**Applicant**—a person filing an initial or renewal application for licensure under this chapter.~~

Application—an initial or renewal application for licensure under this chapter processed as required by the Commissioner, through the Department, the NMLS, or any other third party processor prescribed by the Commissioner.

Branch—an office or location of a student loan servicer that is separate and distinct from the student loan servicer’s principal office and from which it operates as a student ~~loans~~ servicer.

Commissioner—the Commissioner of the Department of Insurance, Securities and Banking.

Department—the Department of Insurance, Securities and Banking.

Licensee—any person or entity duly licensed by the Commissioner pursuant to this chapter.

Student Loan Servicer— a person or entity, whether located within or outside the District, responsible for the servicing of a student education loan of a student loan borrower.

Nationwide Multistate Licensing System and Registry (“NMLS”)—the licensing system developed and maintained by the Conference of State Banking Supervisors and the American Association of Residential Mortgage Regulators, or their successors for the licensing and registration of persons engaged in the state-regulated financial service industries.

Washington, D.C. metropolitan region—means the District of Columbia, the counties of Montgomery and Prince Georges in the State of Maryland, the counties of Arlington and Fairfax, and the cities of Alexandria and Falls Church in the Commonwealth of Virginia.

APPENDIX A

STUDENT LOAN SERVICER LICENSE FEES

Student Loan Servicer License	Fees
DISB Initial Application Fee	\$1,200 1,100 + NMLS Fee
DISB Renewal Application Fee	\$1,000 900 + NMLS Fee
DISB Amendment Fee	\$100
DISB Reinstatement Fee	\$1,000 900
DISB Annual Assessment Fee	\$0.50 .50 per borrower residing in the
DISB Examination Fee	\$400 per examiner day

3099

DEFINITIONS

3099.1

For the purpose of this chapter, the following terms have the meaning ascribed:

Act – The Department of Securities Regulation Establishment Act of 1996, effective May 21, 1997 (D.C. Law 11-268; D.C. Official Code § 31-101 *et.*

seq.), as amended by the Student Loan Ombudsman Establishment and Servicing Regulation Amendment Act of 2016, effective February 18, 2017 (D.C. Law 21- 214; D.C. Official Code §§ 31-106.01-.03).

Applicant - a person or entity filing an initial or renewal application for licensure under this chapter.

Application – an initial or renewal application for licensure under this chapter processed as required by the Commissioner, through the Department, the NMLS, or any other third-party processor prescribed by the Commissioner.

Branch – an office or location of a student loan servicer that is separate and distinct from the student loan servicer’s principal office and from which it operates as a student loan servicer.

Commissioner - the Commissioner of the Department of Insurance, Securities and Banking.

Department - the Department of Insurance, Securities and Banking.

Licensee – any person or entity duly licensed by the Commissioner pursuant to this chapter.

Material – including the term “materially”, means relevant, significant or important.

Owner of a controlling interest – any person or entity (1) that, directly or indirectly, has the right to vote ten percent (10%) or more of a class of a voting security or has the power to sell or direct the sale of ten percent (10%) or more of a class of voting securities (in the case of a partnership, a person or entity that has the right to receive upon dissolution or has contributed ten percent (10%) or more of the capital); or (2) who, regardless of title, directly or indirectly, exercises control over, or has the power to direct, the management or policies of an applicant or licensee. This includes members of the board of directors (including non-employee directors), general partners, executive officers and individuals occupying similar positions.

Student Education Loan – a loan obtained for personal use to finance education or other school-related expenses.

Student Loan Borrower – a resident of the District of Columbia who has received or agreed to pay a student education loan, or a person who shares legal responsibility with such a resident for the repayment of a student education loan.

Student Loan Servicer - a person or entity, whether located within or outside the District, responsible for the servicing of a District student education loan of a student loan borrower.

Nationwide Multistate Licensing System and Registry (“NMLS”) - the licensing system developed and maintained by the Conference of State Banking Supervisors and the American Association of Residential Mortgage Regulators, or their successors for the licensing and registration of persons engaged in the state-regulated financial service industries.

Washington, D.C. metropolitan region – means the District of Columbia, the

counties of Montgomery and Prince Georges in the State of Maryland, the counties of Arlington and Fairfax, and the cities of Alexandria and Falls Church in the Commonwealth of Virginia.

Persons desiring to comment on these proposed rules should submit comments in writing to Christian A. Washington, Legislative Analyst, Office of the Commissioner, Department of Insurance, Securities and Banking, 1050 First Street, N.E., Suite 801, Washington, D.C. 20002, or by email at Christian.Washington@dc.gov. Comments must be received not later than thirty (30) days after the date of publication of this notice in the *D.C. Register*. Copies of the proposed rules may be obtained from the Department at the address above.