STATE OF CONNECTICUT
DEPARTMENT OF BANKING
260 CONSTITUTION PLAZA • HARTFORD, CT 06103-1800

Jorge L. Perez
Commissioner

ORDER REQUIRING STUDENT LOAN SERVICERS TO BE LICENSED ON NMLS AND INTERIM PROCEDURES

I. Background

On June 17, 2015, the Commissioner issued an Order Establishing Requirements and Interim Procedures for System[1]-Based Licensure for Certain Financial Services Industries ("Order"), a copy of which is available at: http://www.ct.gov/dob/lib/dob/order_system-based_licensing.pdf. As stated in the Order, use of the System helps increase uniformity in the application process nationally, streamlines that process and reduces paper, and creates easier access by consumers to license status and regulatory action information about businesses in Connecticut. For all of the reasons set forth in the Order and pursuant to the authorities cited therein, the Commissioner elected to require seven different financial service license types contained in Title 36a of the Connecticut General Statutes to be licensed on NMLS.[2] That election reflected the Commissioner's decision to require use of NMLS for all non-depository license types within his jurisdiction that were not already licensed on the System.

On July 2, 2015, the Governor signed Public Act 15-162 into law. The Public Act vested the Commissioner with the authority to license and regulate student loan servicers as defined therein. The Public Act was codified in the 2016 Supplement to the General Statutes, in pertinent part, at Sections 36a-846 to 36a-854, inclusive. A person acting as a student loan servicer, directly or indirectly, must be licensed by the Commissioner as of July 1, 2016. *See* Section 36a-847 of the 2016 Supplement to the General Statutes.

Section 36a-24b(a) of the Connecticut General Statutes authorizes the Commissioner to require, at his election, any person engaged in a financial services industry subject to his jurisdiction to be licensed through the System.

For all of the reasons set forth above, and in the interest of consistency in licensing methods across all of the non-depository financial service license types within the Commissioner's jurisdiction, the Commissioner herein elects to require use of NMLS for student loan servicers (Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes).

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[1]Section 36a-2(70) of the Connecticut General Statutes provides that "system" means the "Nationwide Mortgage Licensing System and Registry, NMLS, NMLSR or such other name or acronym as may be assigned to the multistate system developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators and owned and operated by the State Regulatory Registry, LLC, or any successor or affiliated entity, for the licensing and registration of persons in the mortgage and other financial services industries." This Order uses the terms "System" and "NMLS" interchangeably.

[2]Specifically, the Commissioner's Order required System-based licensure for Connecticut money transmitters, consumer collection agencies, check cashing services, debt adjusters, debt negotiation, sales finance companies and small loan companies.

II. New Procedures by Operation of Law

By operation of Section 36a-24b(b) of the Connecticut General Statutes, all initial and renewal applications for student loan servicers shall be made and processed through the System in such form as the Commissioner prescribes, and the System is authorized to receive and maintain all related records.

Section 36a-24b also provides that: persons making any filing or submission on the System shall do so in accordance with the procedures and requirements of the System and shall timely submit to the System accurate reports that shall be in such form and contain such information as the System may require (Section 36a-24b(f)); all fees paid for any initial application for a license or for a renewal application for a license, including, but not limited to, fees paid in connection with an application that is denied or withdrawn prior to the issuance of the license, shall be nonrefundable (Section 36a-24b(g)); the Commissioner may automatically suspend a license of a person on the System if such person receives a deficiency on the System indicating that a required payment was Returned-ACH or returned pursuant to any other term as may be utilized by the System to indicate that payment was not accepted (Section 36a-24b(h)); the Commissioner may deem an application for a license on the System abandoned if the applicant fails to respond to any request for required information under certain circumstances (Section 36a-24b(i)); and the Commissioner may issue a temporary order to cease business under a license if the Commissioner determines that such license was issued erroneously (Section 36a-24b(j)).[3]

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Section 36a-24b(b) authorizes the Commissioner to establish requirements or waive or modify existing requirements in Title 36a, in whole or in part, by order, as reasonably necessary for purposes of participation in the System. The Commissioner has determined that various aspects of the existing statutory requirements governing student loan servicer licensing are inconsistent with an ability to issue and manage such licenses on the System. By way of example only, the student loan servicer license is statutorily on a specified non-calendar-based, two-year term, while System-based licensure only affords a one year, calendar-based term. **Accordingly, and consistent with the Commissioner's authority set forth in Section 36a-24b(b), the Commissioner hereby ORDERS the following for the purpose of effectuating NMLS participation.**

III. ORDER

Effective May 13, 2016, or the date when NMLS becomes available for licensing student loan servicers, whichever occurs later:

1. All fees to apply for or to renew a student loan servicer license, including all licensing and/or investigative fees required by Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes, and all additional fees imposed by the System, shall be due and payable at the time of application and shall be submitted to and processed by the System. The fees associated with a new and a renewal application for a student loan servicer license are derived from existing fees established by Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes and are set forth on the attached chart.

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[3]Section 36a-24b(b) also provides for various permissive authorities which are not spelled out here. *See, e.g.,* subsections (c), (d) and (e) of Section 36a-24b.

2. Licenses and renewal licenses approved through the System shall have no more than a calendar year (January 1 to December 31) term, except that an initial license or a renewal license approved on or after November 1 but before December 31 of a given year will be valid from the date it is approved through December 31 of the following calendar year. Any provision in Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes providing for a different license term is not applicable.

3. The period for requesting renewal of an existing license shall be November 1 to December 31 of each year. No renewal requests shall be accepted by the System after December 31. Any provision in Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes permitting the filing of renewal applications at any other juncture is not applicable.

4. a. The form of the application (new or renewal) shall be the form available on the System, as may be modified or supplemented by requirements set forth in Checklists published on the System for student loan servicers. All information required to be submitted in connection with an application or a renewal application shall be set forth in Checklists published on the System. An applicant (new or renewal) shall submit all information on the System unless the applicant is directed by the Department to submit the information off-System.

   b. There shall be a main office, which shall refer to the main address designated on the System.

   c. There may be a branch office, which shall refer to a location other than the main office at which a licensee or any person on behalf of a licensee acts as a student loan servicer.

   d. For purposes of completing the main office application, the term "qualified individual" shall mean any control person for the company.

   e. For purposes of completing a branch office application, the term "branch manager" shall mean any control person for the company.

   f. The term "control person" shall mean: an individual that directly or indirectly exercises control over another person, and includes any person that (A) is a director, general partner or executive officer; (B) in the case of a corporation, directly or indirectly has the right to vote 10% or more of a class of any voting security or has the power to sell or direct the sale of 10% or more of any class of voting securities; (C) in the case of a limited liability company, is a managing member; or (D) in the case of a partnership, has the right to receive upon dissolution, or has contributed, 10% or more of the capital, is presumed to be a control person. For purposes of this definition, "control" means the power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract or otherwise.

   g. Nothing in this Order or in published Checklists limits in any manner any existing authority of the Commissioner to require additional information, on the System or otherwise, in connection with an investigation of an applicant's qualifications for an initial or renewal license, or to determine if a licensee continues to meet qualifications necessary to maintain the license.

5. Surrender of a license approved through the System shall occur in accordance with Section 36a-51(c) of the Connecticut General Statutes. The method for providing any additional information required by Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes upon surrender shall be specified in Checklists.

6. Any requirement in Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes for written notice of impending abandonment of an application shall be satisfied by notice to the applicant through the System in accordance with Section 36a-24b(i).

7. Once a licensee is on the System, any advance notice requirement and any associated fee to make a license-related change, any requirement to report certain occurrences or events, or any requirement to update information related to the license imposed by Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes shall be done and paid, as applicable, on the System to the extent that the System is capable of receiving and processing such information and/or payment. If any notice, information or payment required by Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes cannot be filed on or through the System, the licensee shall notify the Commissioner and file or pay in accordance with the existing requirements of the applicable statute.

   Example: All advance notice requirements and any fees imposed by applicable provisions of Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes to change a location shall be made using the Advance Change Notice ("ACN") process and paid for, if applicable, through the System.

   Example: All reportable events covered by a disclosure question shall be reported by updating the response to the applicable disclosure question and uploading the required information. All reportable events not covered by a disclosure question but required by Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes shall be reported in the manner required by applicable statute.

8. Any applications or information required by Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes to be submitted "under oath" shall be deemed to be made "under oath", whether separately sworn or not, when submitted to the Commissioner in any manner in connection with an attestation made on the System covering such information.

IV. INTERIM PROCEDURES

Pursuant to Section 36a-24b(b) of the Connecticut General Statutes, the Commissioner is authorized to adopt interim procedures for licensing and acceptance of applications for purposes of implementing an orderly and efficient licensing process. Accordingly, the Commissioner is adopting the following interim procedures for licensing and accepting applications for student loan servicers.

1. Applicants. No new or renewal application for a license may be filed unless it is filed on the System. The System shall be available on and after May 1, 2016, to accept applications for a student loan servicer license.

2. Position on Deadline for Licensure/Enforcement. Section 36a-847(a)(1) (effective July 1, 2016) provides:

   > No person shall act as a student loan servicer, directly or indirectly, without first obtaining a license from the Banking Commissioner under subsection (b) of this section, unless such person is exempt from licensure pursuant to subdivision (2) of this subsection.

The Commissioner does not intend to take action to enforce the licensing requirement against any entity required to be licensed as a student loan servicer so long as that entity has filed its application for a license on the System as of July 1, 2016.

Please refer to Sections 36a-846 to 36a-854, inclusive, of the 2016 Supplement to the General Statutes and information available on NMLS to determine whether or not the licensure requirement applies to you.

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The foregoing **ORDER** shall remain in effect until modified, superseded or vacated by the Commissioner or other lawful authority.

The foregoing **INTERIM PROCEDURES** shall remain in effect until modified, superseded, or vacated by the Commissioner or other lawful authority.

Dated at Hartford, Connecticut,
this 12th day of May 2016.

Jorge L. Perez
Banking Commissioner

STUDENT LOAN SERVICER FEE CHART

	License Fee	Investigation Fee	NMLS Processing Fee	Name Change	Additional Tradename	Address Change Fee
New Application	$500	$400	n/a	n/a	n/a	n/a
Renewal Application	$500	$400	$100	n/a	n/a	n/a
Amendments	n/a	n/a	n/a	n/a	n/a	n/a