STATEMENT OF NEED AND FISCAL IMPACT WORKSHEET

A Notice of Proposed Rulemaking Hearing or a Notice of Proposed Rulemaking accompanies this form.

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Dept. of Consumer & Business Services, Division of Financial Regulation	441
Agency and Division	Administrative Rules Chapter Number

RULE CAPTION

Student Loan Servicer Licensing Rules

Not more than 15 words.

In the Matter of: Adopting ORS 441-895-0005, 441-895-0010, 441-895-0015, 441-895-0020, 441-895-0025, 441-895-0030, 441-895-0035, 441-895-0040, 441-895-0045, 441-895-0050, 441-895-0055, 441-895-0065, 441-895-0070, 441-895-0075, 441-895-0080, 441-895-0085, 441-895-0090, 441-895-0095, 441-895-0110.

Statutory Authority: Chapter 651, 2021 Laws §§ 2-10
Other Authority: Chapter 651, 2021 Laws § 1

Stats. Implemented: Chapter 651, 2021 Laws §§ 2-10

Need for the Rule(s): The 2021 Legislative Assembly adopted Senate Bill 485. The bill required persons servicing student loans to be licensed by the Director of the Department of Consumer and Business Services. These rules provide the requirements for licensure. They establish submission of specific materials needed to apply and renew through the Nationwide Multistate Licensing System. They establish the application fees and process for an assessment in order to administer the program. They lay out specific responsibilities and prohibited acts as provided in SB 485.

Documents Relied Upon, and where they are available: Draft rules are available from Karen Winkel located at 350 Winter St. NE, Salem, OR 97301 and are available on the division's Web site at: http://dfr.oregon.gov/laws-rules/Pages/proposed-rules.aspx.

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT EQUITY IN THIS STATE:
(*Who is this going to impact and how might it impact one group of people differently than others?)These proposed rules will largely impact student loan servicers. However, the regulation of student loan servicers imposed by SB 485 is likely to have a positive impact on individuals with student loans. SB 485 was passed in response to reported abuses of student loan servicers. Often, minority groups, women, persons with lower incomes lack the resources necessary to challenge and correct actions by abusive servicers. The proposed rules individually are unlikely to result in a disparate impact for borrowers.*

Fiscal and Economic Impact:

Because there is no current licensing regime for student loan servicers, these proposed rules will have a fiscal impact. However, the impact is largely due to the requirements of Senate Bill 485 for which these proposed rules spell out procedures. The largest impact is related to fees needed to administer the program. Additionally, licensees will be required to obtain a bond as required by the bill.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):
The rule advisory committee estimates that the impact to state agencies will be limited to the Department of Consumer and Business Services (DCBS) as the agency responsible for administering and enforcing the student loan servicer licensing program required by SB 485. The impact to DCBS is likely to be minimal because SB 485 allows the department to charge fees to off-set the costs of administering and enforcing the program. Since this is a new licensing program, the exact extent of the fiscal impact is unknown because it is unknown how many student loan servicers will apply for licensure in the state.

2. Cost of compliance effect on small business (ORS 183.336):
a. Estimate the number of small businesses and types of business and industries with small businesses subject to the rule:
This is a new licensing program; it is unknown how many businesses are engaged in servicing student loans in Oregon. As of May 2021, 13 states regulated student loan servicers, largely through the Nationwide Multistate Licensing System (NMLS). While the licensing pool is largely made up of a few large multistate companies, there are smaller student loan servicers. The division is unable to determine if or how many student loan servicers would meet the definition of a small business under ORS 183.336. While businesses engaged in debt buying will see a fiscal impact due to licensing and renewal fees, an annual assessment, and obtaining a surety bond or irrevocable letter of credit, those were requirements of the underlying SB 485 and not solely a result of this proposed rulemaking. Additionally, NMLS require a $100 for registration and renewals through the system. Because these proposed rules implement the student loan servicer licensing program the fiscal impact is unknown at this time. This cost may be somewhat offset by the fact that NMLS allows licensees to submit information once to meet multiple state requirements. The NMLS does not have full functionality for annual reports at this time, so reports will need to be submitted directly to Oregon.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:
The proposed rules require student loan servicers to submit an annual report in order to apportion the assessment to support the program. The proposed rules require that the report to be a detailed breakdown of the licensee's Oregon loan servicing portfolio. Additionally, the proposed rules require the filing of an annual fiscal report in order to assess the licensees financial health. The proposed rules require the financial report to be compiled no later than 90 days after the end of the licensees fiscal year. Examination costs are estimated to approximately $700. Since this is a new program it is unknown how many, or how often, examinations are likely to be done "for cause." Because it is unknown at this time how many persons are engaged in servicing student loans in Oregon the exact impact is indeterminable.

c. Equipment, supplies, labor and increased administration required for compliance:
The proposed rules should not have a significant impact on equipment, supplies, labor, or increased administration required for compliance, particularly because the proposed rules require use of a multistate licensing system. The proposed rules implement the requirements of SB 485. However, because it is unknown at this time how many persons are engaged servicing student loans in Oregon the exact impact is unknown at this time.

How were small businesses involved in the development of this rule?:
The department attempted to incorporate small businesses into representation on the rulemaking advisory committee. The department is unaware of any student loan servicers in Oregon that would qualify as small businesses under ORS 183.336.

Administrative Rule Advisory Committee consulted?: Yes
If not, why?:

Did membership of the RAC represent the interests of persons and communities likely to be affected by the rule? Yes. The RAC contained members of the Center for Responsible Lending, which focuses on individuals that the existing financial marketplace underserves including people of color, women, rural residents and low-wealth families and communities. Additionally, Neighborhood Partnerships, which works toward long-term equitable change in a number of areas, and OSPIRG, were represented on the RAC.
If not, why?:

Specify the represented communities (BIPOC, small business, professions, occupations, geographic location, recreational interests, aging/older adults, individuals w/disabilities, LGBTQ+, religion, and veterans).

Signature	T.K. Keen, Administrator Printed name	Date