Student Loan Servicing Alliance
2210 Mount Vernon Avenue
Suite 207
Alexandria, VA 22301

July 21, 2026

VIA EMAIL: Karen.J.Winkel@dcbs.oregon.gov; tewodros.badege@dcbs.oregon.gov

Karen Winkel, Rules Coordinator
Oregon Division of Financial Regulation
350 Winter Street, NE
Room 410
Salem, OR 97309

Re: Comments on Student Loan Servicer Reporting RAC and Draft Rules Text

The Student Loan Servicing Alliance ("SLSA") appreciates the opportunity to provide feedback on the proposed rulemaking (the "Rule") on the addition and edits on standing regulation of the licensed student loan servicers. SLSA is a non-profit trade association that represents federal and private student loan servicers, who collectively service over 95% of all student loans in the country.

We have been actively working with states on similar issues and look forward to working with you as the development process proceeds. We are sure that the Division of Financial Regulation (DFR) shares our concern that requirements should be rooted in understanding the structure of student loan servicing, any practical limitations, and the consumer value of these requirements. As such we will limit our comments to the specific and practical questions raised that we hope you will consider; however, several key points related to this are important to share:

- While we have voluntarily chosen to comply with many state objectives – whether a servicer is licensed or not – that does not impact our view that federally-contracted student loan servicers are generally pre-empted from state licensure and regulation under federal law.
- We hope regulatory changes will continue to evolve to carefully balance imposing costs on servicers and material or actionable benefit for consumers or their protection. While benefits of some additional requirements can be speculative, the costs are actual and real and inherently passed on to consumers and/or federal taxpayers.
- States have taken different approaches to regulation – a further practical challenge and cost for loan products that are inherently national and transportable between jurisdictions – but just because another state has taken a view of regulatory

requirements it does not mean that requirement is rational, practical, or reasonable. Any rule proposed ought to stand on its own merits.

Beyond those broad considerations, below are several specific comments and recommendations to help improve the draft Rule:

Liquidity – It is critical to consider the economic structure of student lending and servicing. The specific entities that are licensed and regulated under this drafting are student loan servicers. These organizations are not necessarily lenders of these loans and operate under different economics. To the extent a parent or related company is a lender, there is separate federal and state statute and regulation to address safety and soundness matters. Most licensed servicer entities, especially third-party servicers, internally have no direct capital exposure in the loan that would make a liquidity requirement reasonable, appropriate, or achievable.

For example, pre-emption aside, the servicers who contract with the federal government for servicing more than 90% of all loans are paid a fee for service by the government to handle customer service functions. While we have performance standards that drive quality, the capital exposure on the loan asset itself – the only normal basis for a liquidity standard - is directly and fully held by the federal government. In this example, a liquidity standard which might make sense for a lender, holder, or security does not provide any material or even small benefit to consumers or Oregon when imposed on the servicer. Further it would materially degrade borrower experience or cause a different safety and soundness issue in the servicing market. But far more practically, this standard cannot and will not be achieved. The only other state that has proposed this requirement has been told by servicers that they cannot comply.

The proposed change would potentially require the federal servicers to hold liquidity of approximately $500,000,000. That is roughly 1/4 of all revenue paid to these servicers today – not profit after costs. If we were required to hold this level of liquidity, then somewhere around 1/4 of all existing customer support for borrowers over a year would need to be eliminated to build to that liquidity position. And not only is that wildly excessive for the functions of a servicer, but the calculation of .00035 times unpaid principal interest seems to have no justification rooted in student loan servicing and seems both arbitrary and capricious without further guidance on the research and financial methodology that was done to lead DFR to this proposal.

SLSA recommends eliminating this proposed change and looks forward to furthering discussion on other ways to encourage stability and competitiveness of the student loan servicing marketplace.

Annual Reporting – Annual reporting is requirement of statute, and we appreciate the DFR's interest in refining regulation to capture information that is valuable and usable by the regulator and consumers. However, it is important that metrics do just that – and are also consistent, understandable, reportable. Below are some examples, but not all, of the kind of questions raised that the DFR should consider taking steps to address as you refine the regulation:

- What is the calculation intended for wait times for customer service calls? Is this a monthly, quarterly, or annual calculation? Does this include just times when the consumer is actively on a call? How would we handle borrowers who request call backs through the IVRs?
- Does the wait time for addressing borrower inquiries or complaints include the phone time to pose the inquiry? Is this a metric of "days" or "minutes.?" And does that clock begin once the complaint is received? What if the inquiry is resolved on the same inbound call when it was posed – and does that get weighted into the average time for other inquiries as a 0 wait time? If not, how would that be counted and included?
- Does the number of "chatbot" interactions with "borrowers" include only those who we can validate are even borrowers – for example, post-authentication? Is there a definition of a "chatbot?" Does that include decision tree-based web forms and is there a distinction between agent-assisted "bots," or purely virtual ones?
- What is the goal of understanding payment processing times? Every servicer applies payment effective the date it was received regardless, so the payment processing time would have no impact on when and how the payment is applied for the borrower. Whether application time is one day or several, the borrower's interest calculation, fees, etc. would not be different.
- For borrowers who requested forbearance, are you interested in those who ask for forbearance and actually instruct us to apply one? What about borrowers who request forbearance, but we counsel that another repayment option might be a better fit and they decline to have us then apply a forbearance they initially were requesting?
- The questions related to credit bureau reporting don't necessarily seem to align with practices on credit reporting for student loans. We believe further discussion is necessary to understand what information these metrics are designed to clarify.
- For metrics regarding "defaulted" loans, does the DFR intend that to also be "charge-off" which is the term in private loans of which we assume you're likely thinking. We assume the drafting also may not mean technical default on private loans, since that is unrelated to when a loan goes into collections. Or do you mean "enters into collections?" And if so, do you mean third-party or first? Also, on federal loans that default, does this metric include loans that are eligible for default under the law, or would loans only be included if the loan has been transferred to the Department for collections - as these are different counts?
- "Escalated complaints" is a term that needs to be defined and ought to be clarified to determine if this is just written complaints or also verbal. As another example of something that needs to be considered, when a borrower speaks to an agent and indicates they have an issue related to their loans and military service, many servicers have dedicated teams that borrower would be transferred to to provide specialty support. Is that an escalation? Or is that a lateral transfer for more specialized assistance? In what other cases would this apply or not?

- For assigning topics for complaints, it is critically important for comparability and consumer value of these metrics that the DFR would need to provide a unified list of topics so servicers can provide data that is 1:1 in comparison - to the extent that is the goal. Further, any such list must include a topic option for items that are outside of a servicer's control. While a borrower may have a complaint about their loan, repayment options, or the value they received from their school, this is not a complaint about "servicing." The CFPB complaint data over the last decade has made it clear that many complaints on student loans are not "servicing" related nor require remediation - financially or otherwise.
- When looking at multiple complaints, what is the window of time? Multiple "complaints" over a year? Are these complaints about different issues or the same specific topic, especially as we often get many complaints about the same topic even though it was addressed long ago and the borrower just remains displeased with the correct and true answer? Also, for this metric to indicate much at all, we believe this time window comparison should be limited to complaints were resolution or remediation was required, rather than merely explanation that the complaint is not valid.

SLSA recommends further assessment of the goals of these metrics, further defining of what many of these terms or calculations mean, and consideration of the actionable value of each item.

We look forward to the opportunity to continue to work with the DFR to continue to provide additional feedback at the next RAC meeting about the unique ways that borrowers in the state can be supported by our joint efforts to encourage engagement with servicers. We also thank you for the opportunity to provide our industry expertise and comment on this proposed rule, and if you would like to discuss the comments provided, please contact me at (202)955-6055 or scott.buchanan@slsa.net.

Respectfully submitted,

C. Tapscott Buchanan
Executive Director