



**DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION**

**Minutes of Workshop to Solicit Comments on
Proposed Regulations A.B.332- Student Loan Servicers**

Date: Wednesday, May 8, 2024

Time: 10:00 a.m.

Locations:

Physical in-person location:

Nevada State Business Center, Nevada Room, 4th Floor
3300 W. Sahara Avenue, Las Vegas, Nevada 89102

Virtual location:

Webex meeting- videoconference and teleconference

Agenda Item 1. Call to Order:

The second workshop to consider A.B.332 was called to order Wednesday, May 8th at 10:02 a.m. The purpose of the workshop was to receive input with respect to the proposed regulations pertaining to student loan servicers, as provided by Assembly Bill No. 332, as described by the Notice of Workshop dated and posted on April 19, 2024.

Financial Institutions Division Staff Present at the Hearing:

Commissioner Sandy O'Laughlin
Deputy Commissioner Mary Young
Chief Deputy Attorney General Michael Detmer
Examiner Jennifer Ramsay
Examiner Devan Owens

Agenda Item 2. Comments by General Public:

There was one comment during this general public comment period.

- Scott Buchanan, Student Loan Servicing Alliance. Would like to thank FID for considering previous comments they provided. The updates FID made are positive. Such as, updates to the surety bond requirement, clarifying the record retention policy and changing the reporting to an average instead of aggregate.

Mary Young, FID. Thank you for your comment.

Agenda Item 3. Presentation and Discussion of Proposed Regulation:

A summary of the changes to the proposed regulations was read during the workshop.

Regulation Comments per Section:

Sections 6, 7, 9 and 10. There was comments received on sections 6, 7 and 8.

Comments provided during the workshop:

- Scott Buchanan, Student Loan Servicing Alliance. Section 7 subsection c as it relates to monthly income of the borrower. Would like to highlight that “as applicable” is critical in this section because often times the income is not captured by the servicers from origination but servicers may capture this information if a loan modification occurs, or other monthly payment options are looked at. Servicers will retain this information if they receive this information.

Mary Young, FID. Thank you for your comment.

- Winston Berkman-Breen, Student Borrower Protection Center. Comment on section 6, where it adds “private or federal education loan borrower or student loan borrower”, this is somewhat redundant since student loan borrower includes both private and federal loan borrowers.

Mary Young, FID. We added “federal” to sections because of comments received from last workshop.

Winston Berkman-Breen, Student Borrower Protection Center. They offered alternatives to take out student loan or take out private education loan and keep student loan borrower. If we think its redundant or not, we can remove it or keep it.

Mary Young, FID. Understood. Thank you.

- Winston Berkman-Breen, Student Borrower Protection Center. Section 8. They initially requested clarification that both private education lenders and those whose extend loans needed a license. FID revised the section but kept “extending private education loans”. He thinks that will cause confusion.

Mary Young, FID. The definition in AB332 covers lenders who extends loans as well as holders of the loans.

Winston Berkman-Breen, Student Borrower Protection Center. He thinks by us adding “extending” immediately afterward can create confusion.

Mary Young, FID. We will review internally and with LCB. Thank you for your comment.

Winston Berkman-Breen, Student Borrower Protection Center. Thank you and thank you again for all your hard work on this.

Sections 16, 17, 18, and 22. There were comments received during the workshop on sections 16 and 17 and one written comment received after the workshop.

Comments provided during the workshop:

- Scott Buchanan, Student Loan Servicing Alliance. Section 16. Appreciates all things we have taken in consideration. Section 16 subsection a. The APR is not regularly calculated, the servicer may not get this APR that was originally disclosed, he thinks the intent here is capturing the interest rate. Encourages us to reconsider. Section 16 subsection u and v. The terms “forgiveness” “cancelled”, and “discharged” are not defined and generally they can be interchangeable. Requests to group subsection u and v together. They assume FID means the amount of the loans that were forgiven or is it the balance after. Also, subsection w, is it the court action the servicer takes against a borrower or what action was taken against a servicer, which they already put in NMLS.

Mary Young, FID. We will clarify what we meant by amounts for the forgiveness. The court action is the action taken by a servicer against a borrower, not the action taken against a licensee and posted in NMLS.

- Scott Buchanan, Student Loan Servicing Alliance. Section 17. The trust account normally applies to collection agencies that collect for clients and recoveries grouped together and remitted back net to the client. For collection agencies to make sure paying lenders. Not sure what consumer value there is. Servicing is when payments are applied directly to an account and not aggregated and rolled to lender. No benefit and causes an administrative burden since servicers are working for several lenders and will have to maintain separate trust accounts.

Mary Young, FID. When does the servicer actually pay the lender?

Scott Buchanan, Student Loan Servicing Alliance. We don't pay the lender as you would think as a collection agency. The payment is applied to an account and all the cash flows in real time generally to the lender or holder.

Mary Young, FID. When you post to the account, is the bank transfer automatically completed to the holder of the account?

Scott Buchanan, Student Loan Servicing Alliance. Sometimes it is delayed several days depending on account posting. The transfer can be to a holder, lender, trust, whoever. The cash flow is different than collections. It's not like large amounts like a collection agency, which are held for an extended period.

Mary Young, FID. We will have to discuss internally because as you know we regulate collection agencies and some service student loan accounts, they have a similar model to what you explained and they utilize a trust, the model is very similar to what we are seeing now.

Scott Buchanan, Student Loan Servicing Alliance. I understand but urge FID to think what the benefit to a consumer is.

Mary Young, FID. I have a question about another comment you made regarding the APR in section 16. Do the servicers receive the original loan document or contract?

Scott Buchanan, Student Loan Servicing Alliance. We have access to it but doesn't necessarily mean we capture the APR in the servicing system as a data point. The APR is part of the file put not a data point.

Mary Young, FID. We can pull during it during an examination, correct?

Scott Buchanan, Student Loan Servicing Alliance. That is right. FID will have access to it. It's difficult to provide the APR in real time.

Written comment received after the workshop:

- Amanda Vaskov, a private citizen. The annual reporting of the APR will provide an opportunity to observe rate change. Pulling rate data individually via examination will not provide a holistic picture of the APR associated with Nevadans' student loans. Converting APR into an accessible data point should be encouraged. APR is already a consideration for servicers when refinancing, arranging an income-driven repayment plan, and placing a borrower in default. With the language, borrowers will be empowered to consider APR in the pursuit of student financial literacy and complete repayment. Section 16 is critical for informed borrowing.

After covering the sections with changes, FID requested comments on any of the sections. There were no comments received during this time.

Agenda Item 4. Public Comments:

- Scott Buchanan, Student Loan Servicing Alliance. Wants to thank FID for all the consideration of the previous comments. Always happy to talk about these issues. Appreciate all the hard work.

Mary Young, FID. Thank you for your comment.

Agenda Item 5. Close Workshop (Adjournment):

The workshop pertaining to Assembly Bill 332 was closed and adjourned on May 8, 2024, at 10:28 a.m.

To review and/or listen to comments in their entirety, please refer to the attached written comments and/or the audio recording. The recording can be found at: [Proposed Regulations \(nv.gov\)](#)

May 8th, 2024

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VIA ELECTRONIC SUBMISSION

Commissioner O'Laughlin,

My name is Amanda Vaskov. Although I comment in my capacity as a private citizen, I offer perspective as the former Director of Government Affairs for the Associated Students of the University of Nevada (ASUN).

At the 06/08/24 public meeting to review the proposed regulations to AB 332, the annual reporting requirements in Sec. 16 were discussed. Input from Mr. Buchanan of the Student Loan Servicing Alliance covered these points: a) the average annual percentage rate (APR) may not capture a snapshot of interest rates as the regulations intend and b) APR data points, while available, are not readily accessible to a servicer.

The technical insights in Mr. Buchanan's comments are appreciated. Indeed, an average will not be perfectly representative of all rates, variable rates included. However, the annual frequency of this reporting still provides an opportunity to observe rate change. Pulling rate data individually via examination will not provide a holistic picture of the APR associated with Nevadans' student loans.

Converting APR into an accessible data point should be encouraged. APR is already a consideration for servicers when refinancing, arranging an income-driven repayment plan, and placing a borrower in default. With the language in Sec.16(a), *borrowers will be empowered to consider APR* in the pursuit of student financial literacy and complete repayment. Sec.16 is critical for informed borrowing.

Thank you for your consideration of my comment.

Best regards,
Amanda Vaskov