

58B.03 LICENSING OF STUDENT LOAN SERVICERS.

Subdivision 1. **License required.** No person shall directly or indirectly act as a student loan servicer without first obtaining a license from the commissioner.

Subd. 2. **Exempt persons.** The following persons are exempt from the requirements of this chapter:

- (1) a financial institution;
- (2) a person servicing student loans made with the person's own funds, if no more than three student loans are made in any 12-month period;
- (3) an agency, instrumentality, or political subdivision of this state that makes, services, or guarantees student loans;
- (4) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction;
- (5) the University of Minnesota; or
- (6) a person exempted by order of the commissioner.

Subd. 3. **Application for licensure.** (a) Any person seeking to act within the state as a student loan servicer must apply for a license in a form and manner specified by the commissioner. At a minimum, the application must include:

- (1) a financial statement prepared by a certified public accountant or a public accountant;
 - (2) the history of criminal convictions, excluding traffic violations, for persons in control of the applicant;
 - (3) any information requested by the commissioner related to the history of criminal convictions disclosed under clause (2);
 - (4) a nonrefundable license fee established by the commissioner; and
 - (5) a nonrefundable investigation fee established by the commissioner.
- (b) The commissioner may conduct a state and national criminal history records check of the applicant and of each person in control or employee of the applicant.

Subd. 4. **Issuance of a license.** (a) Upon receipt of a complete application for an initial license and the payment of fees for a license and investigation, the commissioner must investigate the financial condition and responsibility, character, financial and business experience, and general fitness of the applicant. The commissioner may issue a license if the commissioner finds:

- (1) the applicant's financial condition is sound;
- (2) the applicant's business will be conducted honestly, fairly, equitably, carefully, and efficiently within the purposes and intent of this chapter;
- (3) each person in control of the applicant is in all respects properly qualified and of good character;
- (4) no person, on behalf of the applicant, has knowingly made any incorrect statement of a material fact in the application or in any report or statement made pursuant to this section;

(5) no person, on behalf of the applicant, has knowingly omitted any information required by the commissioner from an application, report, or statement made pursuant to this section;

(6) the applicant has paid the fees required under this section; and

(7) the application has met other similar requirements as determined by the commissioner.

(b) A license issued under this chapter is not transferable or assignable.

Subd. 5. **Notification of a change in status.** An applicant or student loan servicer must notify the commissioner in writing of any change in the information provided in the initial application for a license or the most recent renewal application for a license. The notification must be received no later than ten business days after the date of an event that results in the information becoming inaccurate.

Subd. 6. **Term of license.** Licenses issued under this chapter expire on December 31 of each year and are renewable on January 1.

Subd. 7. **Exemption from application.** (a) A person is exempt from the application procedures under subdivision 3 if the commissioner determines that the person is servicing student loans in this state pursuant to a contract awarded by the United States Secretary of Education under United States Code, title 20, section 1087f. Documentation of eligibility for this exemption shall be in a form and manner determined by the commissioner.

(b) A person determined to be eligible for the exemption under paragraph (a) shall, upon payment of the fees under subdivision 3, be issued a license and deemed to meet all of the requirements of subdivision 4.

Subd. 8. **Notice.** (a) A person issued a license under subdivision 7 must provide the commissioner with written notice no less than seven days after the date the person's contract under United States Code, title 20, section 1087f, expires, is revoked, or is terminated.

(b) A person issued a license under subdivision 7 has 30 days from the date the notification under paragraph (a) is provided to complete the requirements of subdivision 3. If a person does not meet the requirements of subdivision 3 within this time period, the commissioner shall immediately suspend the person's license under this chapter.

Subd. 9. **Commissioner may establish relationships or contracts.** Section 58A.04, subdivision 2, applies to this chapter.

History: *1Sp2021 c 4 art 6 s 4*