



## COMMONWEALTH OF MASSACHUSETTS

### Office of Consumer Affairs and Business Regulation

#### DIVISION OF BANKS

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COMMISSIONER

July 7, 2021

The Honorable Michael D. Hurley  
Senate Clerk  
State House – Room 335  
Boston, MA 02133

Dear Mr. Hurley:

The purpose of this letter is to inform you of changes to certain fees charged for licensees administered by the Division of Banks (Division), as established by the Executive Office for Administration and Finance's (A&F) regulation, 801 CMR 4.02. This letter is submitted to you in accordance with the provisions of General Laws chapter 7, section 3B. The process to establish new fees relative to the licensure of student loan servicers and to decrease the fees to establish bank branches was conducted jointly by the Executive Office for Administration and Finance and the Division of Banks. In continuation of that joint process, the Division is filing this letter as required by statute on behalf of and in conjunction with A&F.

#### **Purpose of Fee Amendments:**

The amendments establish investigation and licensing fees for student loan servicers and automatic federal student loan servicers required to be licensed by the Division pursuant to Chapter 358 of the Acts of 2020. In addition, the fee for a state-chartered bank to establish a new branch is lowered to \$500, to be consistent and equal with the fee for a credit union to establish a new branch, pursuant to Chapter 338 of the Acts of 2020.

#### **Student Loan Servicer Licensure:**

##### ***Background:***

Chapter 358 of the Acts of 2020, *An Act Enabling Partnerships for Growth*, (Chapter 358) includes several provisions relative to student loan servicing, including the creation of G.L. c. 93L, requiring the licensure of certain student loan servicers, in SECTION 65. New G.L. c. 93L requires the licensure of certain student loan servicers not otherwise exempt from licensure, establishes standards for licensure by the Division of Banks, sets forth prohibited conduct, and sets forth powers and authority of the Commissioner of Banks with respect to student loan servicers. Chapter 358 also includes an "automatic federal student loan servicer license" aimed at those entities who service federal student loans pursuant to contracts with the U.S. Secretary of Education. Such entities are exempt from certain license application requirements, such as the requirements that the applicant demonstrate financial responsibility and submit information demonstrating that the applicant possesses the character and fitness to engage in the business of student loan servicing.

SECTION 107 of Chapter 358 provides that the Secretary of Administration and Finance “shall establish the fees required under chapter 93L of the General Laws not later than June 30, 2021.” The effective date of G.L. c. 93L was July 1, 2021, pursuant to SECTION 110 of Chapter 338.

***New Fees:***

In order to implement Chapter 358, the following four new fees are added to 801 CMR 8.04: 209 CMR Division of Banks and Loan Agencies:

(48) Student Loan Servicer – Annual License Fee	\$1,000 per year
(49) Student Loan Servicer Application – Investigation Fee	\$300 per investigation
(50) Automatic Federal Student Loan Servicer –License Fee	\$1,000
(51) Automatic Federal Student Loan Servicer Application–Investigation Fee	\$300

***Revenue Estimate:***

The Division estimates that the fee revenue impact will be a combined increase of \$80,800 for the first and second years of implementation.

**Establishment of Bank Branches:**

***Background:***

Chapter 338 of the Acts of 2020, *An Act Modernizing the Credit Union Laws* (Chapter 338), in SECTION 23, requires that the fee for a credit union to establish a branch “shall be consistent with and equal to” the amount for a bank to establish a branch office. Comparable language for bank fees to establish a branch appears in SECTION 2 of Chapter 338. The fee to establish new domestic bank branch at clause (20) of 801 CMR 4.02: 209 Division of Banks and Loan Agencies had been \$1,000 per filing, and the current fee to establish a new domestic credit union branch or depot at clause (33) is \$500 per filing. Chapter 338 became effective on 4/12/21.

***Amended Fee:***

The amendment to 801 CMR 4.02 lowers the fee for banks to establish branches to \$500, as follows:

<u>Commercial, Savings and Cooperative Banks:</u>	
(20) New Domestic Branch Application	\$500 per filing

***Revenue Estimate:***

The Division estimates that the fee revenue impact will be a combined decrease of \$22,000 for the first and second years of implementation.

As currently scheduled, it is the goal of the joint regulation process by A&F and the Division to complete the amendment process for 801 CMR 4.02 by filing a Notice of Compliance with the Secretary of Commonwealth’s Regulations Division by July 9, 2021.

The Honorable Michael D. Hurley

July 7, 2021

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If you have any questions or would like additional information, please contact me at 617-956-1510; Barbara Keefe, Deputy Commissioner of Banks and General Counsel at 857-207-0268; or Patrick Lynch at 857-400-5405.

Sincerely,

A handwritten signature in blue ink that reads "Mary L. Gallagher". The signature is fluid and cursive, with the first name "Mary" and last name "Gallagher" clearly legible.

Mary L. Gallagher  
Commissioner of Banks

cc: Michael J. Heffernan, Secretary of Administration and Finance  
Executive Office for Administration and Finance

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