

WAC 208-620-324 What are the capital requirements for a student education loan servicer? (1)(a) An applicant or licensee servicing student education loans must maintain a minimum tangible net worth of two hundred fifty thousand dollars.

(b) In addition, the applicant or licensee must maintain liquidity (to include operating reserves) of .00035 times the unpaid principal balance of the nationwide portfolio.

(2) An applicant or licensee servicing student education loans for Washington state borrowers may apply to the director to waive or adjust the capital requirements. In considering such a request, among other things, the director will consider the number of loans being serviced and whether the applicant or licensee has a positive net worth and adequate operating reserves. For purposes of this section, "operating reserves" are funds set aside in anticipation of future payments or obligations and are included in liquidity.

(3) Licensees servicing student education loans must annually or more frequently report, as prescribed by the director, on liquidity (including operating reserves) and tangible net worth.

(4) Any licensee servicing student education loans that does not maintain the standards in this section is subject to action by the director, including that authority in RCW 31.04.165(4).

(5) The following definitions apply to this section:

(a) Tangible net worth means total equity minus receivables due from affiliated entities, minus goodwill and other intangible assets, and minus the carrying value of pledged assets net of the associated liabilities of the pledged assets.

(b) Liquidity means unrestricted cash and cash equivalents, investment grade securities that are available for sale or held for trade, and the unused/available portion of committed servicing advance lines (funding facilities).

[Statutory Authority: RCW 43.320.040, and 31.04.165. WSR 18-24-013, § 208-620-324, filed 11/27/18, effective 1/1/19.]