

“EXHIBIT A”

**SMALL BUSINESS IMPACT STATEMENT FOR PROPOSED REGULATIONS BY
THE FINANCIAL INSTITUTIONS DIVISION (Division)
TO ASSEMBLY BILL (AB) 332
STUDENT LOAN SERVICERS
September 13, 2023**

1. Small Business Impact Statement pursuant to NRS 233B.0609:

(a) A description of the manner in which comment was solicited from affected small businesses, a summary of their responses, and an explanation of the manner in which other interested persons may obtain a copy of the summary.

(I) Solicitation of affected small businesses.

The Division sought comments in accordance with NRS 233B.0608 for the purpose of considering whether as a result of the proposed regulations, there may be a direct and significant economic burden upon small business (defined as fewer than 150 employees) or if the regulations will directly restrict the formation, operation or expansion of a small business seeking to engage in or who desire to engage in the business of a student loan servicer and/or making private student loans, to ensure that there is established in this state an adequate, efficient and competitive service available to the general public.

The Division composed the solicitation list from current licensees under Nevada Revised Statutes chapter 649 and chapter 675 and all known interested parties. In turn, the Division solicited comments on the proposed regulations for Assembly Bill 332 (A.B.332) from the above lists by emailing a notice and questionnaire. Additionally, a copy of the full text of the proposed regulations was emailed and posted to the Division’s website. The solicited comments were used to formulate this Small Business Impact Statement.

(II) Summary of responses.

See attached spreadsheet.

(III) Obtain a copy of the summary.

This Small Business Impact Statement was posted on the NFID website dated November 13, 2023, along with a Notice of Workshop for November 29, 2023. Interested persons may also obtain a copy of the Small Business Impact Statement by contacting the:

**Office of the Commissioner
Financial Institutions Division
3300 W. Sahara Avenue, Suite 250
Las Vegas, NV 89102
Email: FIDMaster@fid.state.nv.us
Telephone: (702) 486-4120
Website: <http://fid.nv.gov>**

(b) The manner in which the analysis was conducted.

Pursuant to NRS 233B.0608(1), the Division made a concerted effort to determine whether the proposed regulations are likely to impose a direct and significant economic burden upon a small business; or directly restrict the formation, operation or expansion of a small business. For this effort, the Division sent a copy of the draft regulations and a Small Business Impact Questionnaire to all known interested parties for review and invited written comment regarding the impact to the entities, NFID took all comments submitted into consideration.

Following review and analysis of the authorizing statutory language A.B.332 and written comment from the industry, the Division has determined that the proposed regulation is unlikely to impose a direct and significant economic burden upon a small business; result in any direct or indirect adverse effects on small business; or directly restrict the formation, operation, or expansion of a small business.

(c) The estimated economic effect of the proposed regulation on the small businesses which it is to regulate including, without limitation:

(1) Both Adverse and Beneficial effects:

(I) ADVERSE EFFECTS:

The Division received one comment regarding the requirement to maintain bank and accounting records of accounts collected and remitted on, sending annual notices to borrowers with more than one loan being serviced, and sending monthly statements to borrowers would increase operating costs and complexity and that it would require more engineering resources to develop systems to comply.

These provisions are necessary for borrowers and licensees should maintain up-to-date and accurate records. This should not cause any additional requirements since this should be part of a servicer's normal course of business.

(II) BENEFICIAL EFFECTS:

The Division received zero comments regarding any beneficial effects the proposed regulations would have on small business.

(2) Both Direct and Indirect effects:

(I) DIRECT EFFECTS:

The Division received one comment regarding the requirement to maintain bank and accounting records of accounts collected and remitted on, sending annual notices to borrowers with more than one loan being serviced, and sending monthly statements to borrowers would increase operating costs and complexity and that it would require more engineering resources to develop systems to comply.

These provisions are necessary for borrowers and licensees should maintain up-to-date and accurate records. This should not cause any additional requirements since this should be part of a servicer's normal course of business.

(II) INDIRECT EFFECTS:

The Division received one comment regarding the requirement to maintain bank and accounting records of accounts collected and remitted on, sending annual notices to borrowers with more than one loan being serviced, and sending monthly statements to borrowers would increase operating costs and complexity and that it would require more engineering resources to develop systems to comply.

These provisions are necessary for borrowers and licensees should maintain up-to-date and accurate records. This should not cause any additional requirements since this should be part of a servicer's normal course of business.

The same commenter stated posting the contact information for borrowers to contact the Division would make their website look even more busy/crowded. Its important for Nevada borrowers to know how to contact the Division to file consumer complaints or ask the Division questions.

(d) A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of those methods.

The Division sent out 751 small business questionnaires to all known interested parties. It received a total of twelve (12) responses to the solicitation. One (1) small business provided comment, one (1) responded with N/A or no impact, and ten (10) responded with no comment because they were over the small business threshold of 150 employees. The Division has considered and analyzed all submitted comments and addressed those comment in the attached summary of response spreadsheet.

(e) The estimated cost to the agency for enforcement of the proposed regulation.

The estimated cost to the Division for enforcement of the proposed regulation should be covered by the proposed fees to be collected by the Division. The Division does not foresee the need for any additional funding or budget increase.

(f) If the proposed regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect, and the manner in which the money will be used.

The 1st Year → \$75,600 (Based on the application fee of \$800.00 and initial licensing fee of \$1,000 for 42 entities).

The 2nd Year → \$199,500 (Based on yearly renewal fee of \$1,000 and hourly examination Fee of \$75 with the average examination projected to take approximately 50 hours to complete). It is also expected that the following yearly examinations will not take 50 hours to complete thus lowering this cost in future years.

There is also an annual Certified Public Account (CPA) assessment and Attorney General (AG) assessment. The CPA assessment covers the expenses to employ the CPA and no more than the projected expenses are assessed to the licensees. The AG assessment covers the amount the Division is assessed by the AG's Office and no more than the assessed amount. The total projected expense for each the CPA and AG is divided among all licensees the Division regulates, not just this industry, keeping the total assessment per licensee at a minimal.

The fees collected will be used by the Division to regulate the industry at the most economical method possible with the Division's established objective to maintain fees at a level to cover agency costs to implement/operate/enforce and not to over burden small business with high and unnecessary fees.

(g) If the proposed regulation includes provisions which duplicate or are more stringent than federal, state, or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.

To the Division's knowledge, the proposed regulations do not duplicate any existing federal, state, or local standards regulating the same activity.

(h) The reasons for the conclusions of the agency regarding the impact of the regulation on small businesses.

This is a result of the passage of new legislation, A.B. 332. The Division can only lessen the impact on small business by proposing regulation that provides clarification to the industry. The regulation itself does not impose an economy burden to small business.

To the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that the information contained in this Small Business Impact Statement was prepared properly and accurate.



Sandy O'Laughlin
Commissioner
Financial Institutions Division
State of Nevada, Department of Business and Industry

AB332- Student Loan Servicers- Direct or

**Indirect Impact Item from Small
Businesses**

**Number/
and %**

**Direct or
Indirect**

**Adverse or
Beneficial**

NFID Answer/Mitigation

<p>Sections 16, 22 and 23 will increase operating costs and complexity and require more engineering resources to develop systems to comply with the new requirements.</p>	<p>1 (100.00%)</p>	<p>Direct</p>	<p>Adverse</p>	<p>Section 16 is bank records and accounting records of accounts collected and remitted, which is important for servicers to maintain.</p> <p>Section 22 is annual notices to borrowers with more than one loan being serviced.</p> <p>Section 23 provides the requires on a monthly statement.</p> <p>These provisions are necessary for the borrowers, and to keep accurate records of payments, of which servicers should already be doing. This should not cause any additional requirements; it just details what is required in Nevada.</p>
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<p>Sections 22 and 23 will create a lot more operational burden and increase our risk of non-compliance. Section 25 will make our website look even more busy/crowded.</p>	<p>1 (100.00%)</p>	<p>Indirect</p>	<p>Adverse</p>	<p>Section 22 is annual notices to borrowers with more than one loan being serviced.</p> <p>Section 23 provides the requires on a monthly statement.</p> <p>These provisions are necessary for the borrowers, and to keep accurate records of payments, of which servicers should already be doing. This should not cause any additional requirements, it just details what is required in Nevada.</p>
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				Section 25, it's important for Nevada borrowers to know how to contact the Division.

SBI Response Summary:

Total Known Interested Parties Solicited:
751

Total Responded with Comments: 1

Total Responded with N/A: 1

Total Responded with over 150 Employees (outside the small business threshold): 10

Total Comments Impacting the SBI %
(Total Known Interested Parties Solicited -
N/A - over 150 Employees=): 740

% Responded/Total Solicited (12/751):
1.60%

% Responded with Comments/Total
Comments Impacting SBI (1/740): 0.14%