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Via e-mail: Lucinda.Fazio@dfi.wa.gov
Ms. Cindy Fazio
Chief of Regulatory Affairs – Consumer Services
Washington Department of Financial Institutions
PO Box 41200
Olympia WA 98504-1200

Re: *Radius Global Solutions LLC*
Request for Exemption from Student Loan Servicer Licensing
Radius Washington License Number: 601617325
Consumer Loan Act, RCW § 31.04, et seq.

Dear Ms. Fazio:

SESSIONS, FISHMAN, NATHAN & ISRAEL represents Radius Global Solutions, LLC (“Radius”) regarding certain licensing and compliance matters. This letter concerns the Washington Student Education Loan Bill of Rights (SB 6029), Consumer Loan Act, RCW § 31.04, *et seq.*, and Radius’ request that the Department confirm Radius is not required to be licensed under the statute.

A. Scope of Radius’ Services

Radius is a third-party debt collector licensed in Washington. Radius’ only activities relating to Washington student loans is the collection of such loans after they are in default as defined by the terms of the promissory note or loan agreement. All the student loans collected by Radius are placed with Radius after the loan is deemed in default and the balance has been accelerated. In other words, when the student loans are placed with Radius, the entire outstanding loan balance is due; and, the borrower is no longer making “regularly scheduled payments” on the loan. Radius does not collect or service student loans that are not in default.

B. Whether Radius Must Be Licensed

Although Washington has a comprehensive debt collection licensing scheme, and the legislative history of the amendment to the Consumer Loan Act suggests it was intended

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to regulate pre-default servicers, given the broad definition of “servicing” it does not seem logical that the Department intends to require licensing of third party debt collectors who are engaged solely in the collection of post-default student loans. Radius holds an active Washington collection agency license (license number 601617325).

Certain elements of the definition of “student education loan servicing” appear to be applicable only in the pre-default context: “(a) Receiving any *scheduled periodic payments* from a student education loan borrower *pursuant to the terms of a student education loan*; (b) applying the payments of principal and interest and such other payments with respect to the amounts received from a student education loan borrower, as may be required *pursuant to the terms of a student education loan*; (c) working with the student education loan borrower to collect data, or *collecting data, to make decisions to modify the loan*; or (d) performing other administrative services with respect to a student education loan including collection activities. . . .” RCWA § 31.04.015(35) (emphasis added).

The loans that are placed with Radius for collection are not being paid in accordance with the loan terms; rather the full balance has been accelerated and become due; and, the borrower’s opportunity to modify the loan has passed. Radius’ collection activity pertaining to such loans is regulated pursuant to its debt collector license.

Moreover, given the nature of Radius’ work as a post-default debt collector, many of the obligations the statute imposes on student loan servicers appear inapplicable because they contemplate the loan being in a traditional repayment status. For example, the following activities expected of a student loan servicer under the amended statute could not logically be performed by a post-default debt collector such as Radius:

- ***Federal loan discharge/refund.*** If a borrower applies for a discharge or refund on their federal loans with the U.S. Department of Education, the servicer must explain any decision made on the application. *SB 6029 Sec. 6(1)(e); RCWA § 31.04 as amended.*
- ***Transfer of servicing.*** If a loan is sold or transferred to a new servicer, the receiving servicer must continue processing loan modification requests received by either servicer during the transfer process, and retain records necessary to maintain the borrower’s enrolment in an existing repayment plan. *SB 6029 Sec. 6(3)(b) (c).* The transferring servicer must inform the receiving servicer if a loan modification request is pending. *SB 6029 Sec. 6(4)(b).* Both the transferring servicer and the receiving servicer must send the borrower specific notice and information 45-60

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days before the effective date of the transfer. *SB 6029 Sec. 6(3)(a); RCWA § 31.04 as amended. SB 6029 Sec. 6(4)(a); RCWA § 31.04 as amended.*

- **Website content.** Licensees must provide on their website information or links about repayment and loan forgiveness options, and the availability of the student loan advocate to provide assistance. *SB 6029 Sec. 6(5); RCWA § 31.04 as amended.*
- **Notices.** Information or links about repayment and loan forgiveness options, and the availability of the student loan advocate to provide assistance, must be provided annually to the borrower by mail or email. *SB 6029 Sec. 6(5); RCWA § 31.04 as amended.*
- **Records.** Servicers must collect, maintain, and report to the Department of Financial Institutions information about loans in their portfolios including, but not limited to, loan volume, default, refinance and modification information, and loan type (subsidized, deferred, etc.). *SB 6029 Sec. 6(6); RCWA § 31.04 as amended.*

C. Request for Confirmation that Additional Licensing is Not Required

Based on the foregoing, Radius requests that the Department confirm Radius is not required to be licensed under the Washington Student Education Loan Bill of Rights (SB 6029), Consumer Loan Act, RCW § 31.04, *et seq.* Radius will continue to maintain its license as a debt collector.

Thank you in advance for your time and consideration. If you have any questions, please do not hesitate to contact me anytime.

Very truly yours,



Debbie P. Kirkpatrick
SESSIONS, FISHMAN, NATHAN & ISRAEL
Attorneys for Licensee,
Radius Global Solutions LLC