



General Assembly

Substitute Bill No. 6690

January Session, 2023



AN ACT CONCERNING A STUDENT LOAN REGISTRY, AN OFFICE OF THE STUDENT LOAN OMBUDSMAN AND STUDENT LOAN SERVICERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2023*) (a) For purposes of this
2 section:

3 (1) "Commissioner" means the Banking Commissioner;

4 (2) "Consumer collection agency" has the same meaning as provided
5 in section 36a-800 of the general statutes;

6 (3) "Postsecondary education expense" means any expense associated
7 with a student's enrollment in, or attendance at, a postsecondary
8 educational institution;

9 (4) "Private education lender" means any person engaged in the
10 business of making or extending private education loans. "Private
11 education lender" does not include: (A) A bank, as defined in 12 USC
12 1841(c), as amended from time to time; (B) a Connecticut credit union, a
13 federal credit union or an out-of-state credit union, as those terms are
14 defined in section 36a-2 of the general statutes; or (C) the Connecticut
15 Higher Education Supplemental Loan Authority, as described in section

16 10a-179a of the general statutes;

17 (5) "Private education loan" means credit that: (A) Is extended to a
18 consumer expressly, in whole or in part, for postsecondary educational
19 expenses, regardless of whether the credit is provided by the
20 postsecondary educational institution that the student attends; and (B)
21 is not made, insured or guaranteed under Title IV of the Higher
22 Education Act of 1965, as amended from time to time. "Private education
23 loan" does not include a loan that is secured by real property, regardless
24 of the purpose of the loan;

25 (6) "Private education loan borrower" means any resident of the state,
26 including a student loan borrower, who has received or agreed to pay a
27 private education loan for the resident's own postsecondary education
28 expenses;

29 (7) "Private education loan creditor" means any person to whom a
30 private education loan is sold or assigned, or any person who otherwise
31 acquires a private education loan. "Private education loan creditor" does
32 not include: (A) A bank, as defined in 12 USC 1841(c), as amended from
33 time to time; (B) a Connecticut credit union, a federal credit union or an
34 out-of-state credit union, as those terms are defined in section 36a-2 of
35 the general statutes; (C) a consumer collection agency licensed pursuant
36 to section 36a-801 of the general statutes; (D) a private student loan
37 servicer licensed pursuant to section 36a-847 of the general statutes; or
38 (E) any department or agency of the United States, this state, any other
39 state or any political subdivision thereof; and

40 (8) "Student loan servicer" has the same meaning as provided in
41 section 36a-846 of the general statutes, as amended by this act.

42 (b) Except for a public or private nonprofit postsecondary
43 educational institution, for which the commissioner may prescribe an
44 alternative registration process and fee structure, a private education
45 lender or a private education loan creditor shall, prior to making a
46 private education loan to, or purchasing or assuming a private

47 education loan owed by, a resident of the state:

48 (1) Register with the commissioner and pay a fee in the form and
49 manner prescribed by the commissioner, which may include
50 registration using the National Multistate Licensing System and
51 Registry and the payment of any fees thereto; and

52 (2) Renew such registration for each year that such private education
53 lender or private education loan creditor continues to act as a private
54 education lender or private education loan creditor.

55 (c) For each year in which a private education lender registers with,
56 or renews such registration with, the commissioner pursuant to
57 subsection (b) of this section, such private education lender shall, at the
58 time of such registration or renewal, and at other times upon the
59 commissioner's request, provide to the commissioner, in the form and
60 manner prescribed by the commissioner, the following documents and
61 information:

62 (1) A list of all schools attended by the private education loan
63 borrowers with outstanding private education loans made by such
64 private education lender;

65 (2) The number and dollar amount of all outstanding private
66 education loans such private education lender made to private
67 education loan borrowers;

68 (3) For each school listed pursuant to subdivision (1) of this
69 subsection, the number and dollar amount of all outstanding private
70 education loans such private education lender made to private
71 education loan borrowers who attended such school;

72 (4) The number and dollar amount of all private education loans such
73 private education lender made during the prior year to private
74 education loan borrowers;

75 (5) For each school listed pursuant to subdivision (1) of this

76 subsection, the number and dollar amount of all private education loans
77 such private education lender made during the prior year to private
78 education loan borrowers who attended such school;

79 (6) The spread of interest rates for the private education loans such
80 private education lender made during the prior year;

81 (7) The percentage of private education loan borrowers who received
82 each rate within the spread of interest rates provided pursuant to
83 subdivision (6) of this subsection;

84 (8) The number of private education loans with a cosigner that such
85 private education lender made during the prior year;

86 (9) The default rate for private education loan borrowers obtaining
87 private education loans from the private education lender, and, for each
88 school listed pursuant to subdivision (1) of this subsection, the default
89 rate for private education loans made to private education loan
90 borrowers who attended such school;

91 (10) The number of private education loan borrowers against whom
92 such private education lender brought legal action in the prior year to
93 collect a debt owed pursuant to a private education loan, and the
94 amount sought in each such action;

95 (11) A copy of each model promissory note, agreement, contract or
96 other instrument used by the private education lender during the prior
97 year to substantiate that a new private education loan has been extended
98 to a private education loan borrower or that a private education loan
99 borrower owes a debt to such lender; and

100 (12) The name and address of: (A) Such private education lender; (B)
101 each officer, director or partner of such private education lender; and
102 (C) each owner of a controlling interest in such private education lender.

103 (d) For each year in which a private education loan creditor registers
104 with, or renews such registration with, the commissioner pursuant to

105 subsection (b) of this section, such private education loan creditor shall,
106 at the time of such registration or renewal, and at other times upon the
107 commissioner's request, provide to the commissioner, in the form and
108 manner prescribed by the commissioner, the following documents and
109 information:

110 (1) A list of all schools attended by the private education loan
111 borrowers with outstanding private education loans assumed or
112 acquired by such private education loan creditor;

113 (2) The number and dollar amount of all outstanding private
114 education loans owed by private education loan borrowers to such
115 private education loan creditor;

116 (3) For each school listed pursuant to subdivision (1) of this
117 subsection, the number and dollar amount of all outstanding private
118 education loans owed to such private education loan creditor by private
119 education loan borrowers who attended such school;

120 (4) The number and dollar amount of all private education loans: (A)
121 Such private education loan creditor assumed or acquired during the
122 prior year; and (B) owed to such private education loan creditor by
123 private education loan borrowers;

124 (5) For each school listed pursuant to subdivision (1) of this
125 subsection, the number and dollar amount of all private education
126 loans: (A) Such private education loan creditor assumed or acquired
127 during the prior year; and (B) owed to such private education loan
128 creditor by private education loan borrowers who attended such school;

129 (6) The number of private education loans with a cosigner that such
130 private education loan creditor assumed or acquired during the prior
131 year;

132 (7) The default rate for private education loan borrowers whose
133 private education loans were assumed or acquired by such private
134 education loan creditor, and, for each school listed pursuant to

135 subdivision (1) of this subsection, the default rate for private education
136 loans owed by private education loan borrowers who attended such
137 school;

138 (8) The number of private education loan borrowers against whom
139 such private education loan creditor brought legal action in the prior
140 year to collect a debt owed pursuant to a private education loan, and the
141 amount sought in each such action; and

142 (9) The name and address of: (A) Such private education loan
143 creditor; (B) each officer, director or partner of such private education
144 loan creditor; and (C) each owner of a controlling interest in such private
145 education loan creditor.

146 (e) The commissioner shall create, and periodically update, a publicly
147 accessible Internet web site that includes the following information
148 about private education lenders and private education loan creditors
149 registered in the state:

150 (1) The name, address, telephone number and Internet web site
151 address for all registered private education lenders and private
152 education loan creditors;

153 (2) A summary of the information and documents provided pursuant
154 to subsections (c) and (d) of this section; and

155 (3) Copies of all model promissory notes, agreements, contracts and
156 other instruments provided to the commissioner in accordance with
157 subdivision (11) of subsection (c) of this section.

158 (f) The commissioner may take action pursuant to section 36a-50 of
159 the general statutes to enforce the provisions of this section.

160 (g) The commissioner may order that any person who has been found
161 to have violated any provision of this section and has thereby caused
162 financial harm to a consumer be barred for a term not exceeding ten
163 years from acting as a private education lender or a stockholder, officer,

164 director, partner or other owner or employee of a private education
165 lender.

166 Sec. 2. Section 36a-25 of the general statutes is repealed and the
167 following is substituted in lieu thereof (*Effective October 1, 2023*):

168 (a) [The Banking Commissioner shall, within available
169 appropriations, designate a] There is established an Office of the Student
170 Loan Ombudsman, which shall be within the Department of Banking
171 for administrative purposes only, to provide timely assistance to any
172 student loan borrower, as defined in section 36a-846, as amended by this
173 act, of any student education loan, as defined in section 36a-846, as
174 amended by this act. The Banking Commissioner shall appoint a
175 Student Loan Ombudsman who shall be selected from among
176 individuals with expertise and experience in a field concerning student
177 loans to head the office.

178 (b) The Office of the Student Loan Ombudsman [, in consultation
179 with the commissioner,] shall:

180 (1) Receive, review and attempt to resolve any complaints from
181 student loan borrowers, including, but not limited to, attempts to
182 resolve such complaints in collaboration with institutions of higher
183 education, student loan servicers, as defined in section 36a-846, as
184 amended by this act, and any other participants in student loan lending,
185 including, but not limited to, The University of Connecticut, the Board
186 of Regents for Higher Education, the Office of Higher Education or the
187 Connecticut Higher Education Supplemental Loan Authority;

188 (2) Compile and analyze data on student loan borrower complaints
189 as described in subdivision (1) of this subsection;

190 (3) Assist student loan borrowers to understand their rights and
191 responsibilities under the terms of student education loans;

192 (4) Provide information to the public, agencies, legislators and others
193 regarding the problems and concerns of student loan borrowers and

194 make recommendations for resolving those problems and concerns;

195 (5) Analyze and monitor the development and implementation of
196 federal, state and local laws, regulations and policies relating to student
197 loan borrowers and recommend any changes the Student Loan
198 Ombudsman deems necessary;

199 (6) Review the complete student education loan history for any
200 student loan borrower who has provided written consent for such
201 review;

202 (7) Disseminate information concerning the availability of the Office
203 of the Student Loan Ombudsman to assist student loan borrowers and
204 potential student loan borrowers, as well as public institutions of higher
205 education, student loan servicers and any other participant in student
206 education loan lending, with any student loan servicing concerns; and

207 (8) Take any other actions necessary to fulfill the duties of the Office
208 of the Student Loan Ombudsman and the Student Loan Ombudsman as
209 set forth in this subsection.

210 (c) (1) On or before October 1, 2016, the Student Loan Ombudsman,
211 in consultation with the commissioner, shall, within available
212 appropriations, establish and maintain a student loan borrower
213 education course that shall include educational presentations and
214 materials regarding student education loans. Such program shall
215 include, but not be limited to, key loan terms, documentation
216 requirements, monthly payment obligations, income-based repayment
217 options, loan forgiveness and disclosure requirements.

218 (2) Beginning on October 1, 2024, the Office of the Student Loan
219 Ombudsman shall maintain the student loan borrower education course
220 established pursuant to subdivision (1) of this subsection.

221 (d) (1) On or before January 1, 2016, and annually thereafter until
222 January 1, 2023, the Banking Commissioner shall submit a report, in
223 accordance with the provisions of section 11-4a, to the joint standing

224 committees of the General Assembly having cognizance of matters
225 relating to banking and higher education. The commissioner shall
226 report on: [(1)] (A) The implementation of this section; [(2)] (B) the
227 overall effectiveness of the Student Loan Ombudsman position; and
228 [(3)] (C) additional steps that need to be taken for the Department of
229 Banking to gain regulatory control over the licensing and enforcement
230 of student loan servicers.

231 (2) Beginning on January 1, 2024, and annually thereafter, the Student
232 Loan Ombudsman shall submit the report required under subdivision
233 (1) of this subsection, in accordance with the provisions of section 11-4a,
234 to the joint standing committees of the General Assembly having
235 cognizance of matters relating to banking and higher education. The
236 ombudsman shall report on: (A) The implementation of this section; (B)
237 the overall effectiveness of the Office of the Student Loan Ombudsman;
238 and (C) additional steps that need to be taken for the Department of
239 Banking to gain regulatory control over the licensing and enforcement
240 of student loan servicers.

241 (e) (1) There is established an account to be known as the "student
242 loan ombudsman account" which shall be a separate, nonlapsing
243 account within the Banking Fund. The account shall contain the moneys
244 described in subdivision (2) of this subsection and any other moneys
245 required by law to be deposited in the account. Moneys in the account
246 shall be expended by the Banking Commissioner for the purpose of
247 administering the provisions of this section.

248 (2) The account established under subdivision (1) of this subsection
249 shall contain any licensing or investigation fees collected pursuant to
250 subsection (b) of section 36a-847.

251 Sec. 3. Section 36a-846 of the general statutes is repealed and the
252 following is substituted in lieu thereof (*Effective October 1, 2023*):

253 As used in this section and sections 36a-847 to 36a-855, inclusive:

254 (1) "Advertise" or "advertising" has the same meaning as provided in

255 section 36a-485;

256 (2) "Branch office" means a location other than the main office at
257 which a licensee or any person on behalf of a licensee acts as a student
258 loan servicer;

259 (3) "Consumer report" has the same meaning as provided in Section
260 603(d) of the Fair Credit Reporting Act, 15 USC, 1681a, as amended from
261 time to time;

262 (4) "Control person" has the same meaning as provided in section 36a-
263 485;

264 (5) "Cosigner" has the same meaning as provided in 15 USC 1650(a),
265 as amended from time to time;

266 (6) "Federal student education loan" means any student education
267 loan (A) (i) made pursuant to the William D. Ford Federal Direct Loan
268 Program, 20 USC 1087a, et seq., as amended from time to time, or (ii)
269 purchased by the United States Department of Education pursuant to 20
270 USC 1087i-1(a), as amended from time to time, and (B) owned by the
271 United States Department of Education;

272 (7) "Federal student loan servicer" means any student loan servicer
273 responsible for the servicing of a federal student education loan to a
274 student loan borrower pursuant to a contract awarded [to such person]
275 by the United States Department of Education under 20 USC 1087f, as
276 amended from time to time;

277 (8) "Main office" has the same meaning as provided in section 36a-
278 485;

279 (9) "Private student education loan" means any student education
280 loan that is not a federal student education loan;

281 (10) "Private student education loan servicer" means any student loan
282 servicer responsible for the servicing of a private student education loan

283 to a student loan borrower;

284 (11) "Student loan borrower" means any individual who resides
285 within this state who has agreed to repay a student education loan;

286 (12) "Student loan servicer" means any person, wherever located,
287 responsible for the servicing of any student education loan to any
288 student loan borrower;

289 (13) "Servicing" means (A) receiving any scheduled periodic
290 payments from a student loan borrower pursuant to the terms of a
291 student education loan; (B) applying the payments of principal and
292 interest and such other payments with respect to the amounts received
293 from a student loan borrower, as may be required pursuant to the terms
294 of a student education loan; (C) maintaining account records for and
295 communicating with the student loan borrower concerning the student
296 education loan during the period when no scheduled periodic payments
297 are required; (D) interacting with a student loan borrower for purposes
298 of facilitating the servicing of a student education loan, including, but
299 not limited to, assisting a student loan borrower to prevent such
300 borrower from defaulting on obligations arising from the student
301 education loan; or (E) performing other administrative services with
302 respect to a student education loan;

303 (14) "Student education loan" means any loan primarily for personal
304 use to finance education or other school-related expenses; and

305 (15) "Unique identifier" has the same meaning as provided in section
306 36a-485.

307 Sec. 4. Subsection (d) of section 36a-847a of the general statutes is
308 repealed and the following is substituted in lieu thereof (*Effective October*
309 *1, 2023*):

310 (d) Each registrant shall notify the commissioner in writing of the
311 expiration, revocation or termination of any contract awarded [to the
312 registrant] by the United States Department of Education pursuant to 20

313 USC 1087f, as amended from time to time, pursuant to which such
314 registrant performs student loan servicing activities, not later than seven
315 days after such expiration, revocation or termination. Any registration
316 based solely upon such contract shall be deemed expired upon the
317 effective date of such expiration, revocation or termination by the
318 United States Department of Education.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2023</i>	New section
Sec. 2	<i>October 1, 2023</i>	36a-25
Sec. 3	<i>October 1, 2023</i>	36a-846
Sec. 4	<i>October 1, 2023</i>	36a-847a(d)

BA *Joint Favorable Subst.*

APP *Joint Favorable*