



General Assembly

January Session, 2023

***Raised Bill No. 6690***

LCO No. 4286



Referred to Committee on BANKING

Introduced by:  
(BA)

***AN ACT ESTABLISHING A STUDENT LOAN REGISTRY AND AN OFFICE OF THE STUDENT LOAN OMBUDSMAN.***

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: (A) Any person engaged in the  
10 business of making or extending private education loans; (B) a holder of  
11 a private education loan; or (C) a private education loan creditor.  
12 "Private education lender" does not include: (i) A bank, as defined in 12  
13 USC 1841(c), as amended from time to time; (ii) a Connecticut credit

14 union or a federal credit union, as those terms are defined in section 36a-  
15 2 of the general statutes; (iii) a consumer collection agency, licensed  
16 pursuant to section 36a-801 of the general statutes; (iv) a private student  
17 loan servicer, licensed pursuant to section 36a-847 of the general  
18 statutes; or (v) the Connecticut Higher Education Supplemental Loan  
19 Authority, as described in section 10a-179a of the general statutes;

20 (5) "Private education loan" means credit that: (A) Is extended to a  
21 consumer expressly, in whole or in part, for postsecondary educational  
22 expenses, regardless of whether the credit is provided by the  
23 postsecondary educational institution that the student attends; and (B)  
24 is not made, insured or guaranteed under Title IV of the Higher  
25 Education Act of 1965, as amended from time to time. "Private education  
26 loan" does not include: (i) A loan that is secured by real property,  
27 regardless of the purpose of the loan; or (ii) an extension of credit in  
28 which the covered postsecondary educational institution is the lender if:  
29 (I) The term of the extension of credit is ninety days or less; or (II) an  
30 interest rate is not applied to the credit balance and the term of the  
31 extension of credit is one year or less, even if the credit is payable in  
32 greater than four installments;

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

37 (7) "Private education loan creditor" means: (A) Any person to whom  
38 a debt is owed by a debtor, where such debt results from a private  
39 education loan; or (B) any person to whom such debt is assigned.  
40 "Private education loan creditor" does not include a consumer collection  
41 agency, a student loan servicer or any department or agency of the  
42 United States, this state, any other state or any political subdivision  
43 thereof; and

44 (8) "Student loan servicer" has the same meaning as provided in  
45 section 36a-846 of the general statutes.

46 (b) Except for a public or private nonprofit postsecondary  
47 educational institution, for which the commissioner may prescribe an  
48 alternative registration process and fee structure, a private education  
49 lender shall, prior to making a private education loan to a resident of  
50 the state:

51 (1) Register with the commissioner in the form and manner  
52 prescribed by the commissioner; and

53 (2) Provide the commissioner, at the time of registration and not less  
54 than annually thereafter, and at other times upon the commissioner's  
55 request, with the following documents and information in the form and  
56 manner prescribed by the commissioner:

57 (A) A list of all schools attended by private education loan borrowers  
58 to whom the private education lender provided a private education  
59 loan;

60 (B) The number of private education loans made annually to private  
61 education loan borrowers;

62 (C) The number of private education loans made annually at each  
63 school listed pursuant to subparagraph (A) of this subdivision;

64 (D) The dollar amount of private education loans made annually;

65 (E) The spread of interest rates for private education loans made  
66 annually;

67 (F) The number of private education loans made with a cosigner  
68 annually;

69 (G) The default rate for private education loan borrowers obtaining  
70 private education loans from the private education lender, including the  
71 default rate for private education loans made to private education loan  
72 borrowers for each school listed pursuant to subparagraph (A) of this  
73 subdivision;

74 (H) A copy of each model promissory note, agreement, contract or  
75 other instrument used by the private education lender during the  
76 previous year to substantiate that a private education loan has been  
77 extended to a private education loan borrower or that a private  
78 education loan borrower owes a debt to the lender; and

79 (I) The name and address of the private education lender and any  
80 officer, director, partner or owner of a controlling interest of the lender.

81 (c) The commissioner shall create a publicly accessible Internet web  
82 site that includes the following information about private education  
83 lenders registered in the state:

84 (1) The name, address, telephone number and Internet web site for  
85 all registered private education lenders;

86 (2) A summary of the information provided pursuant to subdivision  
87 (2) of subsection (b) of this section; and

88 (3) Copies of all model promissory notes, agreements, contracts and  
89 other instruments provided to the commissioner in accordance with  
90 subparagraph (H) of subdivision (2) of subsection (b) of this section.

91 (d) The commissioner may take action pursuant to section 36a-50 of  
92 the general statutes to enforce the provisions of this section.

93 (e) The commissioner may order that any person who has been found  
94 to have violated any provision of this section and has thereby caused  
95 financial harm to a consumer be barred for a term not exceeding ten  
96 years from acting as a private education lender or a stockholder, officer,  
97 director, partner or other owner or employee of a private education  
98 lender.

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

101 (a) [The Banking Commissioner shall, within available  
102 appropriations, designate a] There is established an Office of the Student

103 Loan Ombudsman, which shall be within the Department of Banking  
104 for administrative purposes only, to provide timely assistance to any  
105 student loan borrower, as defined in section 36a-846, of any student  
106 education loan, as defined in section 36a-846. The Banking  
107 Commissioner shall appoint a Student Loan Ombudsman who shall be  
108 selected from among individuals with expertise and experience in a  
109 field concerning student loans to head the office.

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

112 (1) Receive, review and attempt to resolve any complaints from  
113 student loan borrowers, including, but not limited to, attempts to  
114 resolve such complaints in collaboration with institutions of higher  
115 education, student loan servicers, as defined in section 36a-846, and any  
116 other participants in student loan lending, including, but not limited to,  
117 The University of Connecticut, the Board of Regents for Higher  
118 Education, the Office of Higher Education or the Connecticut Higher  
119 Education Supplemental Loan Authority;

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

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

124 (4) Provide information to the public, agencies, legislators and others  
125 regarding the problems and concerns of student loan borrowers and  
126 make recommendations for resolving those problems and concerns;

127 (5) Analyze and monitor the development and implementation of  
128 federal, state and local laws, regulations and policies relating to student  
129 loan borrowers and recommend any changes the Student Loan  
130 Ombudsman deems necessary;

131 (6) Review the complete student education loan history for any  
132 student loan borrower who has provided written consent for such

133 review;

134 (7) Disseminate information concerning the availability of the Office  
135 of the Student Loan Ombudsman to assist student loan borrowers and  
136 potential student loan borrowers, as well as public institutions of higher  
137 education, student loan servicers and any other participant in student  
138 education loan lending, with any student loan servicing concerns; and

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

142 (c) (1) On or before October 1, 2016, the Student Loan Ombudsman,  
143 in consultation with the commissioner, shall, within available  
144 appropriations, establish and maintain a student loan borrower  
145 education course that shall include educational presentations and  
146 materials regarding student education loans. Such program shall  
147 include, but not be limited to, key loan terms, documentation  
148 requirements, monthly payment obligations, income-based repayment  
149 options, loan forgiveness and disclosure requirements.

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

153 (d) (1) On or before January 1, 2016, and annually thereafter until  
154 January 1, 2023, the Banking Commissioner shall submit a report, in  
155 accordance with the provisions of section 11-4a, to the joint standing  
156 committees of the General Assembly having cognizance of matters  
157 relating to banking and higher education. The commissioner shall  
158 report on: [(1)] (A) The implementation of this section; [(2)] (B) the  
159 overall effectiveness of the Student Loan Ombudsman position; and  
160 [(3)] (C) additional steps that need to be taken for the Department of  
161 Banking to gain regulatory control over the licensing and enforcement  
162 of student loan servicers.

163 (2) Beginning on January 1, 2024, and annually thereafter, the Student

164 Loan Ombudsman shall submit the report required under subdivision  
165 (1) of this subsection, in accordance with the provisions of section 11-4a,  
166 to the joint standing committees of the General Assembly having  
167 cognizance of matters relating to banking and higher education. The  
168 ombudsman shall report on: (A) The implementation of this section; (B)  
169 the overall effectiveness of the Office of the Student Loan Ombudsman;  
170 and (C) additional steps that need to be taken for the Department of  
171 Banking to gain regulatory control over the licensing and enforcement  
172 of student loan servicers.

173 (e) (1) There is established an account to be known as the "student  
174 loan ombudsman account" which shall be a separate, nonlapsing  
175 account within the Banking Fund. The account shall contain the moneys  
176 described in subdivision (2) of this subsection and any other moneys  
177 required by law to be deposited in the account. Moneys in the account  
178 shall be expended by the Banking Commissioner for the purpose of  
179 administering the provisions of this section.

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

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|---|-----------------|-------------|
| This act shall take effect as follows and shall amend the following sections: |                 |             |
| Section 1   | October 1, 2023 | New section |
| Sec. 2  | October 1, 2023 | 36a-25      |

**Statement of Purpose:**

To establish a student loan registry and an Office of the Student Loan Ombudsman.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*