



General Assembly

January Session, 2023

Raised Bill No. 1019

LCO No. 3454



Referred to Committee on BANKING

Introduced by:
(BA)

AN ACT CONCERNING STUDENT LOAN SERVICERS.

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

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 Section 36a-846 of the general statutes is repealed and the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

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

4 (1) "Advertise" or "advertising" has the same meaning as provided in
5 section 36a-485;

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

9 (3) "Consumer report" has the same meaning as provided in Section
10 603(d) of the Fair Credit Reporting Act, 15 USC, 1681a, as amended from
11 time to time;

12 (4) "Control person" has the same meaning as provided in section 36a-
13 485;

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

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

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

27 (8) "Main office" has the same meaning as provided in section 36a-
28 485;

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

31 (10) "Private student education loan servicer" means any student loan
32 servicer responsible for the servicing of a private student education loan
33 to a student loan borrower;

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

36 (12) "Student loan servicer" means any person, wherever located,
37 responsible for the servicing of any student education loan to any
38 student loan borrower;

39 (13) "Servicing" means (A) receiving any scheduled periodic
40 payments from a student loan borrower pursuant to the terms of a
41 student education loan; (B) applying the payments of principal and
42 interest and such other payments with respect to the amounts received
43 from a student loan borrower, as may be required pursuant to the terms

44 of a student education loan; (C) maintaining account records for and
45 communicating with the student loan borrower concerning the student
46 education loan during the period when no scheduled periodic payments
47 are required; (D) interacting with a student loan borrower for purposes
48 of facilitating the servicing of a student education loan, including, but
49 not limited to, assisting a student loan borrower to prevent such
50 borrower from defaulting on obligations arising from the student
51 education loan; or (E) performing other administrative services with
52 respect to a student education loan;

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

55 (15) "Unique identifier" has the same meaning as provided in section
56 36a-485.

57 Sec. 2. Subsection (d) of section 36a-847a of the general statutes is
58 repealed and the following is substituted in lieu thereof (*Effective October*
59 *1, 2023*):

60 (d) Each registrant shall notify the commissioner in writing of the
61 expiration, revocation or termination of any contract awarded [to the
62 registrant] by the United States Department of Education pursuant to 20
63 USC 1087f, as amended from time to time, pursuant to which such
64 registrant performs student loan servicing activities, not later than seven
65 days after such expiration, revocation or termination. Any registration
66 based solely upon such contract shall be deemed expired upon the
67 effective date of such expiration, revocation or termination by the
68 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>	36a-846
Sec. 2	<i>October 1, 2023</i>	36a-847a(d)

Statement of Purpose:

To clarify that subservicers of federal student loan servicers shall be registered in the state as federal student loan servicers.

[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.]