

1 ENGROSSED SENATE  
2 BILL NO. 261

By: Montgomery of the Senate

3 and

4 Provenzano of the House  
5

6 An Act relating to student loans; creating the  
7 Oklahoma Student Borrower's Bill of Rights Act;  
8 defining terms; directing the Attorney General to  
9 prepare certain statement and make available to  
10 public; prohibiting certain actions by student loan  
11 servicers; providing for codification; and providing  
12 an effective date.

13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. NEW LAW A new section of law to be codified  
15 in the Oklahoma Statutes as Section 170 of Title 24, unless there is  
16 created a duplication in numbering, reads as follows:

17 This act shall be known and may be cited as the "Oklahoma  
18 Student Borrower's Bill of Rights Act".

19 SECTION 2. NEW LAW A new section of law to be codified  
20 in the Oklahoma Statutes as Section 171 of Title 24, unless there is  
21 created a duplication in numbering, reads as follows:

22 As used in the Oklahoma Student Borrower's Bill of Rights Act:

23 1. "Guarantor" means a nonprofit or state organization that  
24 works with a lender, servicer, school and the U.S. Department of

1 Education to help students successfully repay certain federal  
2 student loans;

3 2. "Student loan borrower" means:

4 a. any resident of this state who has received or agreed  
5 to pay a student education loan, or

6 b. any person who shares responsibility with such  
7 resident for repaying the student education loan;

8 3. "Student loan servicer" means any person, wherever located,  
9 responsible for the servicing of any student education loan to any  
10 student loan borrower;

11 4. "Servicing" means:

12 a. receiving any scheduled periodic payments from a  
13 student loan borrower pursuant to the terms of a  
14 student education loan,

15 b. applying the payments of principal and interest and  
16 such other payments with respect to the amounts  
17 received from a student loan borrower, as may be  
18 required pursuant to the terms of a student education  
19 loan, and

20 c. performing other administrative services with respect  
21 to a student education loan.

22 Servicing does not include default aversion efforts provided by  
23 state or nonprofit guaranty agencies as required by their agreement

24

1 with the U.S. Department of Education under the Higher Education Act  
2 of 1965; and

3 5. "Student education loan" means any loan primarily for  
4 personal use to finance education or other school-related expenses.

5 SECTION 3. NEW LAW A new section of law to be codified  
6 in the Oklahoma Statutes as Section 172 of Title 24, unless there is  
7 created a duplication in numbering, reads as follows:

8 A. The Attorney General shall prepare a written statement that  
9 includes an "Oklahoma Student Borrower's Bill of Rights" for a  
10 student loan borrower who takes out a student education loan that is  
11 serviced by a student loan servicer. The statement shall  
12 incorporate all items from subsection B of this section and be made  
13 available to the public and written in plain language designed to be  
14 easily understood by the average student loan borrower.

15 B. No student loan servicer shall:

16 1. Directly or indirectly employ any scheme, device or artifice  
17 to defraud or mislead student loan borrowers;

18 2. Engage in any unfair or deceptive practice toward any person  
19 or misrepresent or omit any material information in connection with  
20 the servicing of a student education loan including, but not limited  
21 to, misrepresenting the amount, nature or terms of any fee or  
22 payment due or claimed to be due on a student education loan, the  
23 terms and conditions of the loan agreement or the borrower's  
24 obligations under the loan;

- 1        3. Obtain property by fraud or misrepresentation;
- 2        4. Incorrectly apply or fail to apply student education loan  
3 payments to the outstanding balance of a student education loan;
- 4        5. Provide inaccurate information to a credit bureau, thereby  
5 harming a student loan borrower's creditworthiness;
- 6        6. Fail to report both the favorable and unfavorable payment  
7 history of the student loan borrower to a nationally recognized  
8 consumer credit bureau at least annually if the student loan  
9 servicer regularly reports information to a credit bureau, except in  
10 the case of loan rehabilitation;
- 11       7. Refuse to communicate with an authorized representative of  
12 the student loan borrower who provides a written authorization  
13 signed by the student loan borrower, provided the student loan  
14 servicer may adopt procedures reasonably related to verifying that  
15 the representative is in fact authorized to act on behalf of the  
16 student loan borrower;
- 17       8. Make any false statement or misrepresentation by omission of  
18 a material fact in connection with any information or reports filed  
19 with a governmental agency or in connection with any investigation  
20 conducted by a governmental agency;
- 21       9. Fail to inform borrowers of the federal income repayment  
22 options before offering deferment or forbearance as an option; or
- 23       10. Inform student loan borrower if their type of loan does not  
24 qualify for loan forgiveness programs.

1 SECTION 4. This act shall become effective November 1, 2021.  
2 Passed the Senate the 2nd day of March, 2021.

3  
4 \_\_\_\_\_  
5 Presiding Officer of the Senate

6 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
7 2021.

8  
9 \_\_\_\_\_  
10 Presiding Officer of the House  
11 of Representatives