

## HB 620 -- STUDENT LOAN BILL OF RIGHTS

SPONSOR: Kendrick

This bill creates the "Student Loan Bill of Rights" and requires the Department of Higher Education (DHE) to establish the Office of the Student Loan Ombudsman.

### OFFICE OF THE STUDENT LOAN OMBUDSMAN

The bill requires the student loan ombudsman to consult with the Coordinating Board of Higher Education (CBHE) to provide assistance to any student loan borrower with a student education loan qualified under Section 173.2300, RSMo; handle complaints from student loan borrowers; and analyze the data compiled from the complaints (Section 173.2301).

This bill requires the Office of the Student Loan Ombudsman to establish and maintain a student loan borrower education course, as specified in the bill, by October 1, 2017. By January 1, 2018 the Commissioner of Higher Education must submit a report to the Joint Committee on Education regarding the implementation and effectiveness of these provisions, as specified in the bill (Sections 173.2302 and 173.2304).

### STUDENT LOAN SERVICER

The bill requires any person wanting to be a student loan servicer in Missouri to submit an application to the department for an initial license. Specified financial institutions are exempt from these provisions. Each application must include a qualified financial statement, approved criminal history report, \$1000 nonrefundable license fee, and \$800 nonrefundable investigation fee.

The applicant shall also furnish specified information concerning the applicant's identity, an independent credit report, and any information regarding any administrative, civil, or criminal findings by any governmental jurisdiction.

Upon the completion of an investigation of the applicant if all of the requirements are met, including being financially sound, the department may issue a license. The license will expire at the close of business on September 30th of the second year following the issuance, unless renewed or earlier surrendered, suspended, or revoked. When a licensee ceases to engage in the business of student loan servicing the licensee must provide written notice of surrender and surrender its license for each location to the department within 15 days.

The bill allows a licensee to renew the license by submitting a renewal application on or before September 1 of the year that the license expires. If a renewal application is received after September 1 the application must be accompanied by a \$100 late fee. The department may refuse to issue a renewal license with the same criteria used for an initial license. If the department suspends or refuses to renew a license the licensee must be notified and allowed an opportunity for a hearing. The applicant or licensee has 10 days to notify the department if there is a change in the information that is the reason for the denial. The department may deem an application for a license abandoned if the applicant fails to respond to any request for information within 60 days.

A person licensed as a student loan servicer shall only do business under the name on the license and any change of location requires prior written notice to the department. The bill requires the servicer to keep records for each student for a minimum of two years following the final payment or assignment of the loan and make the records available to the department upon request. This bill prohibits any servicer from engaging in unethical business practices, as specified in the bill (Sections 173.2306, 173.2310, 173.2312 and 173.2314).

#### INVESTIGATIONS AND EXAMINATIONS

This bill authorizes the DHE to investigate and examine the affairs, business, premises, and records of any loan servicer required to have a license. The bill requires each servicer to be examined at least once every three years. When a servicer is investigated due to complaints and violations the department may examine any person and record relevant to the inquiry. This bill allows the department to retain additional professional staff, as described within the bill, to conduct an examination or investigation. The department has authority over license suspensions, revocations, or renewal refusals and may issue a cease and desist order upon sending the student loan servicer a 21 day written notice. The student loan servicer must comply with federal laws and regulations as specified in the bill and the DHE may establish the rules and regulations to administrate these provisions (Sections 173.2316, 173.2318, 173.2322, 173.2324, and 173.2326).