

# SENATE BILL No. 905

April 21, 2016, Introduced by Senators WARREN, ANANICH, YOUNG, KNEZEK, GREGORY, JOHNSON, BIEDA, HOOD, HOPGOOD and HERTEL and referred to the Committee on Banking and Financial Institutions.

A bill to provide for a student loan ombudsman and prescribe his or her powers and duties; and to prescribe the powers and duties of certain other public officers and agencies.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 1. This act shall be known and may be cited as the  
2 "student loan ombudsman act".

3           Sec. 3. As used in this act:

4           (a) "Department" means the department of insurance and  
5 financial services.

6           (b) "Director" means the director of the department or his or  
7 her designated representative.

8           (c) "Servicing" means that term as defined in section 3 of the

1 student loan servicer licensing act.

2 (d) "Student education loan" means that term as defined in  
3 section 3 of the student loan servicer licensing act.

4 (e) "Student loan borrower" means that term as defined in  
5 section 3 of the student loan servicer licensing act.

6 (f) "Student loan ombudsman" means the department employee  
7 designated as the student loan ombudsman under section 5.

8 (g) "Student loan servicer" means that term as defined in  
9 section 3 of the student loan servicer licensing act.

10 Sec. 5. The director shall designate an employee of the  
11 department as the student loan ombudsman to provide timely  
12 assistance to student loan borrowers. In consultation with the  
13 director, the ombudsman shall do all of the following:

14 (a) Ensure that every student loan borrower in the state has  
15 equal access to all of the following:

16 (i) A quality, affordable education.

17 (ii) The resources needed to pay for college.

18 (iii) An affordable repayment plan for his or her student  
19 debt.

20 (iv) Quality customer service, reliable information, and fair  
21 treatment, even if he or she struggles to repay his or her student  
22 debt.

23 (b) Receive, review, and attempt to resolve any complaints  
24 from student loan borrowers, including, but not limited to,  
25 attempting to resolve complaints in collaboration with institutions  
26 of higher education, student loan servicers, the department, and  
27 any other participants in student loan lending.

1 (c) Compile and analyze data on student loan borrower  
2 complaints as described in subdivision (b).

3 (d) Assist student loan borrowers to understand their rights  
4 and responsibilities under the terms of student education loans.

5 (e) Provide information to the public, agencies, legislators,  
6 and others regarding the problems and concerns of student loan  
7 borrowers and make recommendations for resolving those problems and  
8 concerns.

9 (f) Analyze and monitor the development and implementation of  
10 federal, state, and local laws, regulations, and policies relating  
11 to student loan borrowers and recommend any changes he or she  
12 considers necessary.

13 (g) Review the complete student education loan history for any  
14 student loan borrower who has provided written consent for that  
15 review.

16 (h) Disseminate information concerning the availability of the  
17 ombudsman to assist student loan borrowers and potential student  
18 loan borrowers and to assist any public institutions of higher  
19 education, student loan servicers, or any other participants in  
20 student education loan lending that have student loan servicing  
21 concerns.

22 (i) Take any other actions necessary to fulfill the duties of  
23 the student loan ombudsman under this section.

24 Sec. 7. Within 180 days after the effective date of this act,  
25 the student loan ombudsman, in consultation with the director,  
26 shall establish and maintain a student loan borrower education  
27 program that includes educational presentations and materials

1 regarding student education loans. The program shall include  
2 presentations and materials on key loan terms, documentation  
3 requirements, monthly payment obligations, income-based repayment  
4 options, loan forgiveness, disclosure requirements, and any other  
5 subject matter selected by the student loan ombudsman.

6       Sec. 9. Within 1 year after the effective date of this act,  
7 the student loan ombudsman, and a representative of the department  
8 of treasury designated by the state treasurer, shall conduct a  
9 study and submit a joint report to the senate and house standing  
10 committees with oversight over matters relating to banking and  
11 higher education that includes their recommendations regarding  
12 whether this state should return to providing state student loans  
13 and loan guarantees, and what authority the student loan ombudsman  
14 should have to refinance or modify those loans.

15       Enacting section 1. This act takes effect 90 days after the  
16 date it is enacted into law.

17       Enacting section 2. This act does not take effect unless  
18 Senate Bill No. 907 of  
19 the 98th Legislature is enacted into law.