

HOUSE BILL No. 6446

October 17, 2018, Introduced by Rep. Yanez and referred to the Committee on Appropriations.

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 any of the following:

9 (i) Receiving any scheduled periodic payments from a student
10 loan borrower under the terms of a student education loan.

1 (ii) Applying the payments of principal and interest and any
2 other payments with respect to the amounts received from a student
3 loan borrower, as may be required under the terms of a student
4 education loan.

5 (iii) Performing any other administrative services with
6 respect to a student education loan.

7 (d) "Student education loan" means any loan that is primarily
8 for personal use to finance education or other school-related
9 expenses.

10 (e) "Student loan borrower" means either of the following:

11 (i) A resident of this state who has received or agreed to pay
12 a student education loan.

13 (ii) Any person that shares responsibility with an individual
14 described in subparagraph (i) for repaying his or her student
15 education loan.

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

18 (g) "Student loan servicer" means any person, wherever
19 located, that is responsible for the servicing of any student
20 education loan to any student loan borrower.

21 Sec. 5. The director shall designate an employee of the
22 department as the student loan ombudsman to provide timely
23 assistance to student loan borrowers. In consultation with the
24 director, the ombudsman shall do all of the following:

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

27 (i) A quality, affordable education.

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

2 (iii) An affordable repayment plan for his or her student
3 debt.

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

7 (b) Receive, review, and attempt to resolve any complaints
8 from student loan borrowers, including, but not limited to,
9 attempting to resolve complaints in collaboration with institutions
10 of higher education, student loan servicers, the department, and
11 any other participants in student loan lending.

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

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

16 (e) Provide information to the public, agencies, legislators,
17 and others regarding the problems and concerns of student loan
18 borrowers and make recommendations for resolving those problems and
19 concerns.

20 (f) Analyze and monitor the development and implementation of
21 federal, state, and local laws, regulations, and policies relating
22 to student loan borrowers and recommend any changes he or she
23 considers necessary.

24 (g) Review the complete student education loan history for any
25 student loan borrower who has provided written consent for that
26 review.

27 (h) Disseminate information concerning the availability of the

1 ombudsman to assist student loan borrowers and potential student
2 loan borrowers and to assist any public institutions of higher
3 education, student loan servicers, or any other participants in
4 student education loan lending that have student loan servicing
5 concerns.

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

8 Sec. 7. Within 180 days after the effective date of this act,
9 the student loan ombudsman, in consultation with the director,
10 shall establish and maintain a student loan borrower education
11 program that includes educational presentations and materials
12 regarding student education loans. The program shall include
13 presentations and materials on key loan terms, documentation
14 requirements, monthly payment obligations, income-based repayment
15 options, loan forgiveness, disclosure requirements, and any other
16 subject matter selected by the student loan ombudsman.

17 Sec. 9. Within 1 year after the effective date of this act,
18 the student loan ombudsman, and a representative of the department
19 of treasury designated by the state treasurer, shall conduct a
20 study and submit a joint report to the senate and house standing
21 committees with oversight over matters relating to banking and
22 higher education that includes their recommendations regarding
23 whether this state should return to providing state student loans
24 and loan guarantees, and what authority the student loan ombudsman
25 should have to refinance or modify those loans.

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

1 Enacting section 2. This act does not take effect unless
2 Senate Bill No. ____ or House Bill No. 6448 (request no. 06644'18) of
3 the 99th Legislature is enacted into law.