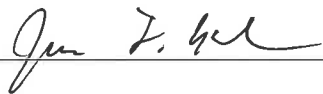


Approved by
Revisor of Statutes



1.1 Mahoney from the Jobs and Economic Development Finance Division to which was
1.2 referred:

1.3 H. F. No. 1424, A bill for an act relating to commerce; establishing a student loan
1.4 advocate; requiring licensure of student loan servicers; prohibiting certain practices in
1.5 student loan servicing; requiring a report; proposing coding for new law as Minnesota
1.6 Statutes, chapter 58B.

1.7 Reported the same back with the following amendments:

1.8 Page 1, line 11, delete everything after "loan" and insert "or a person who shares
1.9 responsibility with a resident for repaying a student loan."

1.10 Page 2, line 4, delete everything after "borrower" and insert "or notification of payments,
1.11 and applying payments to the borrower's account pursuant to the terms of the student loan
1.12 or of the contract governing servicing;"

1.13 Page 2, delete line 5

1.14 Page 2, delete lines 6 to 9 and insert:

1.15 "(2) during a period when no payment is required on a student loan, maintaining account
1.16 records for the loan and communicating with the borrower regarding the loan, on behalf of
1.17 the loan's holder; and

1.18 (3) interacting with a borrower, including activities to help prevent default on obligations
1.19 arising from student loans, conducted to facilitate the requirements in clauses (1) and (2)."

1.20 Page 3, line 28, delete "licensure"

1.21 Page 3, line 29, delete everything after "requirements" and insert "of this chapter:"

1.22 Page 4, line 3, delete everything after "agency" and insert ", instrumentality, or political
1.23 subdivision of this state that makes, services, or guarantees student loans;"

1.24 Page 4, line 15, delete "of \$1,000" and insert "established by the commissioner"

2.1 Page 4, line 16, delete "of \$800" and insert "established by the commissioner"

2.2 Page 5, after line 12, insert:

2.3 "Subd. 7. **Exemption from application.** (a) A person is exempt from the application
 2.4 procedures under subdivision 3 if the commissioner determines that the person is servicing
 2.5 student loans in this state pursuant to a contract awarded by the United States Secretary of
 2.6 Education under United States Code, title 20, section 1087f. Documentation of eligibility
 2.7 for this exemption shall be in a form and manner determined by the commissioner.

2.8 (b) A person determined to be eligible for the exemption under paragraph (a) shall, upon
 2.9 payment of the fees under subdivision 3, be issued a license and deemed to meet all of the
 2.10 requirements of subdivision 4.

2.11 Subd. 8. **Notice.** (a) A person issued a license under subdivision 7 must provide the
 2.12 commissioner with written notice no less than seven days after the person's contract under
 2.13 United States Code, title 20, section 1087f, expires, is revoked, or is terminated.

2.14 (b) A person issued a license under subdivision 7 has 30 days from the date the
 2.15 notification under paragraph (a) is provided to complete the requirements of subdivision 3.
 2.16 If a person does not meet the requirements of subdivision 3 within this time period, the
 2.17 commissioner shall immediately suspend the person's license under this chapter."

2.18 Page 6, line 15, delete "of \$500" and insert "established by the commissioner"

2.19 Page 6, line 16, delete "of \$400" and insert "established by the commissioner"

2.20 Page 6, after line 16, insert:

2.21 "Sec. 6. **[58B.06] DUTIES OF STUDENT LOAN SERVICERS.**

2.22 Subdivision 1. **Response requirements.** Upon receiving a written communication from
 2.23 a borrower, a student loan servicer must:

2.24 (1) acknowledge receipt of the communication in less than ten days; and

2.25 (2) provide information relating to the communication and, if applicable, the action the
 2.26 student loan servicer will take to either (i) correct the borrower's issue or (ii) explain why
 2.27 the issue cannot be corrected. This information must be provided less than 30 days from
 2.28 the date the written communication was received by the student loan servicer.

2.29 Subd. 2. **Overpayments.** A student loan servicer must ask a borrower in what manner
 2.30 the borrower would like any overpayment, meaning a payment on a student loan that exceeds
 2.31 the monthly amount due, to be applied to a student loan. A borrower's instruction regarding

3.1 the application of overpayments is effective for the term of the loan, or until the borrower
3.2 provides a different instruction.

3.3 Subd. 3. **Partial payments.** A student loan servicer must apply a partial payment,
3.4 meaning a payment that is less than the amount due on a student loan, in a manner intended
3.5 to minimize late fees and the negative impact on the borrower's credit history. If a borrower
3.6 has multiple student loans with the same student loan servicer, upon receipt of a partial
3.7 payment the servicer must apply the payments to satisfy as many individual loan payments
3.8 as possible.

3.9 Subd. 4. **Transfer of student loan.** (a) If a borrower's student loan servicer changes
3.10 pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer
3.11 must:

3.12 (1) require the new student loan servicer to honor all benefits that were made available,
3.13 or which may have become available, to a borrower from the original student loan servicer;
3.14 and

3.15 (2) transfer to the new student loan servicer all information regarding the borrower, the
3.16 account of the borrower, and the borrower's student loan, including, but not limited to, the
3.17 repayment status of the student loan and the benefits described in clause (1).

3.18 (b) The student loan servicer must complete the transfer under clause (2) less than 45
3.19 days from the date the of the sale, assignment, or transfer of the servicing.

3.20 (c) A sale, assignment, or transfer of the servicing must be completed no less than seven
3.21 days from the date the next payment is due on the student loan.

3.22 (d) A new student loan servicer must adopt policies and procedures to verify that the
3.23 original student loan servicer has met the requirements of paragraph (a).

3.24 Subd. 5. **Income-driven repayment.** A student loan servicer must evaluate a borrower
3.25 for eligibility for an income-driven repayment program before placing a borrower in
3.26 forbearance or default.

3.27 Subd. 6. **Records.** A student loan servicer must maintain adequate records of each student
3.28 loan for not less than two years following the final payment on the student loan or the sale,
3.29 assignment, or transfer of the servicing.

3.30 **EFFECTIVE DATE.** This section is effective July 1, 2019, and applies to student loan
3.31 contracts executed on or after that date."

3.32 Page 6, line 17, delete "58B.06" and insert "58B.07"

4.1 Page 7, after line 12, insert:

4.2 "Subd. 9. Failure to respond to advocate. (a) A student loan servicer must respond in
4.3 less than 15 days from receipt of a communication from the student loan advocate. This
4.4 response period may be reasonably shortened by the advocate in their communication.

4.5 (b) A student loan servicer must provide a response in less than 15 days from receipt of
4.6 a consumer complaint submitted to the servicer by the student loan advocate. A student
4.7 loan servicer may request from the advocate an extension of up to 45 days from receipt of
4.8 the consumer complaint, if accompanied by an explanation of why additional time is
4.9 reasonable and necessary."

4.10 Page 7, line 13, delete "58B.07" and insert "58B.08"

4.11 Page 7, line 14, after "examinations" insert "of student loan servicers"

4.12 Page 7, line 16, delete "58B.08" and insert "58B.09"

4.13 Page 9, after line 6, insert:

4.14 "Sec. 10. APPROPRIATION.

4.15 \$403,000 in fiscal year 2020 and \$388,000 in fiscal year 2021 are appropriated from the
4.16 general fund to the commissioner of commerce to administer the requirements of Minnesota
4.17 Statutes, chapter 58B.

4.18 Sec. 11. EFFECTIVE DATE.

4.19 Sections 1 to 5 and 7 to 10 are effective July 1, 2019."

4.20 Renumber the sections in sequence

4.21 Amend the title as follows:

4.22 Page 1, line 4, after the semicolon, insert "appropriating money;"

4.23 With the recommendation that when so amended the bill be returned to the Committee
4.24 on Ways and Means.

4.25 This Division action taken March 27, 2019

4.26 ....., Chair