



General Assembly

February Session, 2022

Raised Bill No. 5318

LCO No. 2598



Referred to Committee on BANKING

Introduced by:

(BA)

AN ACT ESTABLISHING A STUDENT LOAN REGISTRY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2022*) For purposes of this
2 section and section 2 of this act:

3 (1) "Commissioner" means the Banking Commissioner;

4 (2) "Consumer collection agency" has the same meaning as provided
5 in section 36a-800 of the general statutes;

6 (3) "Postsecondary education expense" means any expense associated
7 with a student's enrollment in, or attendance at, a postsecondary
8 educational institution;

9 (4) "Private education lender" means: (A) Any person engaged in the
10 business of making or extending private education loans; (B) a holder of
11 a private education loan; or (C) a private education loan creditor.
12 "Private education lender" does not include: (i) A bank, as defined in
13 USC 1841(c); (ii) a Connecticut credit union or a federal credit union, as
14 those terms are defined in section 36a-2 of the general statutes; (iii) a

15 consumer collection agency, licensed pursuant to section 36a-801 of the
16 general statutes; or (iv) a student loan servicer, licensed pursuant to
17 section 36a-847 of the general statutes;

18 (5) "Private education loan" means a student education loan that: (A)
19 Is extended to a consumer expressly, in whole or in part, for
20 postsecondary educational expenses, regardless of whether the loan is
21 provided by the postsecondary educational institution that the student
22 attends; and (B) is not made, insured or guaranteed under Title IV of the
23 Higher Education Act of 1965, as amended from time to time. "Private
24 education loan" does not include: (i) A loan that is secured by real
25 property, regardless of the purpose of the loan; or (ii) an extension of
26 credit in which the covered postsecondary educational institution is the
27 lender if: (I) The term of the extension of credit is ninety days or less; or
28 (II) an interest rate is not applied to the credit balance and the term of
29 the extension of credit is one year or less, even if the credit is payable in
30 greater than four installments;

31 (6) "Private education loan borrower" means any resident of the state,
32 including a student loan borrower, who has received or agreed to pay a
33 private education loan for the resident's own postsecondary education
34 expenses;

35 (7) "Private education loan creditor" means: (A) Any person to whom
36 a debt is owed by a debtor, where such debt results from a private
37 education loan; or (B) any person to whom such debt is assigned.
38 "Private education loan creditor" does not include a consumer collection
39 agency, a student loan servicer or any department or agency of the
40 United States, this state, any other state or any political subdivision
41 thereof; and

42 (8) "Student loan servicer" has the same meaning as provided in
43 section 36a-800 of the general statutes.

44 Sec. 2. (NEW) (*Effective October 1, 2022*) (a) Except for a public or
45 private nonprofit postsecondary educational institution, for which the
46 commissioner may prescribe an alternative registration process and fee

47 structure, a private education lender shall, prior to making a private
48 education loan to a resident of the state:

49 (1) Register with the commissioner in the form and manner
50 prescribed by the commissioner; and

51 (2) Provide the commissioner, at the time of registration and not less
52 than annually thereafter, and at other times upon the commissioner's
53 request, with the following documents and information in the form and
54 manner prescribed by the commissioner:

55 (A) A list of all schools attended by private education loan borrowers
56 to whom the private education lender provided a private education
57 loan;

58 (B) The number of private education loans made annually to private
59 education loan borrowers;

60 (C) The number of private education loans made annually at each
61 school listed pursuant to subparagraph (A) of this subdivision;

62 (D) The default rate for private education loan borrowers obtaining
63 private education loans from the private education lender, including the
64 default rate for private education loans made to private education loan
65 borrowers for each school listed pursuant to subparagraph (A) of this
66 subdivision;

67 (E) A copy of each model promissory note, agreement, contract or
68 other instrument used by the private education lender during the
69 previous year to substantiate that a private education loan has been
70 extended to a private education loan borrower or that a private
71 education loan borrower owes a debt to the lender; and

72 (F) The name and address of the private education lender and any
73 officer, director, partner or owner of a controlling interest of the lender.

74 (b) The commissioner shall create a publicly accessible Internet web
75 site that includes the following information about private education

76 lenders registered in the state:

77 (1) The name, address, telephone number and Internet web site for
78 all registered private education lenders;

79 (2) A summary of the information provided pursuant to subdivision
80 (2) of subsection (b) of this section; and

81 (3) Copies of all model promissory notes, agreements, contracts and
82 other instruments provided to the commissioner in accordance with
83 subparagraph (E) of subdivision (2) of subsection (a) of this section.

84 (c) The commissioner may take action pursuant to section 36a-50 of
85 the general statutes to enforce the provisions of this section.

86 (d) The commissioner may order that any person who has been found
87 to have violated any provision of this section and has thereby caused
88 financial harm to a consumer be barred for a term not exceeding ten
89 years from acting as a private education lender or a stockholder, officer,
90 director, partner or other owner or employee of a private education
91 lender.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2022</i>	New section
Sec. 2	<i>October 1, 2022</i>	New section

Statement of Purpose:

To establish a student loan registry.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]