

**LD 1645, An Act To Establish Protections for Private Student Loan Borrowers  
and a Registry of Lenders**

**SUMMARY:**

This bill directs that private lenders of postsecondary education financing to students for expenses related to postsecondary education, regardless of whether the education is provided by businesses authorized to do business in or accredited by the State, register with the Superintendent of Consumer Credit Protection within the Department of Professional and Financial Regulation and for the superintendent to publish a registry of the private lenders on a publicly accessible website. This bill affords cosigners of private student financing the same rights and protections afforded the primary student borrowers of private student financing. This bill provides for fines, suspension from operating in the State, criminal liability for and private rights of action against lenders of private student financing that violate the provisions of the bill.

This bill also contains provisions for private education lenders to provide information and disclosures to borrowers and cosigners of private education loans, provisions to allow a cosigner to be released from obligations under a private education loan, the discharge of the loan or release of a cosigner if the borrower or cosigner dies or suffers a total and permanent disability, provisions regarding alternative repayment options, prohibitions on accelerating loan payments under most conditions and requirements for the collection of delinquent private education loans.

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## **CURRENT LAW:**

Under [current law](#), there are requirements in place to regulate student loan servicers. The law also includes a student loan ombudsman to provide assistance to student loan borrowers in the State. The law became effective in January 2020 and was a result of legislation considered by the HCIFS Committee in the 129<sup>th</sup> Legislature, LD 995, An Act To Establish a Student Loan Bill of Rights To License and Regulate Student Loan Servicers.

**TESTIMONY:** Written testimony can be found at this [link](#)

## **ISSUES FOR CONSIDERATION:**

1. The sponsor presented an [amendment](#) at the hearing with her written testimony that would exempt loans made and insured by FAME, the Finance Authority of Maine, from the provisions of the bill. The amendment would exclude FAME in the definitions of “student finance company” and “private education lender” used in the bill.
2. Representatives of the Maine Bankers Association and Maine Credit Union League also suggested that the committee exempt loans made their institutions from the requirements of the bill. As drafted, the bill would treat state-chartered banks and credit unions differently than federally-chartered banks and credit unions as federal law would preempt the application of the bill’s provisions to federally-chartered banks and credit unions.

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## **ISSUES FOR CONSIDERATION (cont'd):**

3. The Bureau of Consumer Credit Protection's testimony described the new requirements in the bill and raised concerns about additional personnel and funding that would be needed to perform the new regulatory functions in the bill—to conduct rulemaking, provide administrative enforcement and to register additional lenders located in different states.
4. The sponsor has proposed a revised amendment to the bill that attempts to address concerns raised at the hearing by several parties. See [proposed revised amendment](#).
5. As drafted, the bill includes provisions establishing that a violation of each Article is a Class E crime. If the bill moves forward with this provisions, pursuant to Joint Rule 319, the provisions must be reviewed by the CJPS Committee for their impact on the criminal justice system.

## **FISCAL INFORMATION:**

Not yet determined, although Bureau of Consumer Credit Protection noted additional personnel and funding to would be required