



**Testimony by William Norbert  
Governmental Affairs and Communications Manager**

**Neither For Nor Against**

***An Act to Establish Protections for Private Student Loan Borrowers  
and a Registry of Lenders***

**May 13, 2021**

**Joint Standing Committee on Health Coverage, Insurance and Financial Services**

Senator Sanborn, Representative Tepler, and Distinguished Members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services:

My name is Bill Norbert. I am the Governmental Affairs and Communications Manager at the Finance Authority of Maine (FAME). I live in Brunswick and am testifying Neither For Nor Against L.D. 1645, *An Act to Establish Protections for Private Student Loan Borrowers and a Registry of Lenders*.

FAME is a quasi-independent state agency that develops and administers programs related to the financing of both higher education and business in the state of Maine. We expand business and educational opportunities through our willingness to invest at greater risk based on public benefit. Our mission is to provide innovative financial solutions to help Maine citizens pursue business and educational opportunities.

As you have heard, 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, to 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. The bill also affords cosigners of private student financing the same rights and protections afforded the primary student borrowers of private student financing. This bill further 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.

FAME respectfully requests that it and the loans it makes and insures as part of its duties as a quasi-independent state agency be exempted from this bill's various provisions. We have discussed this matter with the sponsor, Senator Vitelli, and believe she is agreeable to it and has prepared an amendment to this effect. We support that amendment and very much appreciate her listening to our concerns.

Just as FAME was exempted from the Student Loan Servicing law enacted four years ago, we believe we should be exempted from this bill, which does not appear to be aimed at state entities like us. As a quasi-independent state agency, FAME is a nonprofit provider of legislatively-created loan and loan repayment programs that benefit Maine students and should not be subject to this law. The Legislature conducts oversight of FAME and its programs. In addition to better-known state loan programs such as Educators For Maine, Maine Dental Loan and Loan Repayment Programs, and the Maine Health Professions Loan, FAME also administers "private" or alternative loans such as The Maine Loan and The Maine Medical Loan. We also partner with local banks and credit unions on the Maine Private Education Loan Network (MPELN), through which we guarantee (insure) Maine lender loans. FAME makes no profits on the loans we make and pass along benefits such as reduced interest rates to Maine borrowers. FAME also requires financial education modules in order for borrowers to use these programs.

For approximately thirty-eight years, FAME, a quasi-independent agency with professional expertise and a mission for the public good, has been a trusted resource in administering various state-created higher education loan and loan repayment programs, as well as previously serving as the state's longtime guarantor of the federal student loan program, the Federal Family Education Loan Program (FFELP). We believe we have earned a good reputation as a trusted, professional resource that keeps the needs and best interests of Maine students and their families in mind.

Thank you for your consideration of our concerns. I would be happy to answer any questions.