



NEW YORK STATE SENATOR

Kevin Thomas

## Senator Kevin Thomas Secures Protections for Student Loan Borrowers in State Budget

KEVIN THOMAS May 14, 2019

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Governor Andrew M. Cuomo, Senate Majority Leader Andrea Stewart-Cousins and Assembly Speaker Carl Heastie today announced that the FY 2020 Enacted Budget includes legislation that will provide **sweeping new protections for student loan borrowers**. The protections require companies servicing student loans held by New Yorkers to obtain a state license and meet standards consistent with the laws and regulations governing other significant lending

products, such as mortgages.

This legislation will ensure that no student loan servicer can mislead a borrower or engage in any predatory act or practice, misapply payments, provide credit reporting agencies with inaccurate information or engage in other practices that may harm the borrower. Moreover, it authorizes the [Department of Financial Services](#) to regulate and license student loan servicers that serve New York borrowers, and subjects all providers to regular examinations by DFS to ensure they meet standards consistent with the laws and regulations governing other significant lending products.

Based on complaints received and investigations conducted by DFS's Student Protection Unit, established by Governor Cuomo as part of his 2014-15 Executive Budget to serve as a consumer watchdog for New York's students, DFS became aware of significant problems facing New York consumers when dealing with student loan servicers. The difficulties borrowers experience with student loan servicers are nearly identical to those uncovered and remedied by DFS in the mortgage loan servicing industry and include: problems with how servicers handle borrowers' payments, what information or notices are given to borrowers, the kinds of relief available to borrowers experiencing financial distress and poor customer service.

Senator Kevin Thomas (D-Levittown) played a key role in advocating for the new legislation. Before becoming a state senator, Senator Thomas ran a project out of Bronx Civil Court that arranged for free representation for defendants who were sued for credit card or car debt, or student loans. During the program, he witnessed the exploitation of student loan borrowers by deceptive servicers.

**Senator Kevin Thomas said,** "New Yorkers deserve a fair and equal opportunity to further their education. In my former role as an attorney, I saw far too many students victimized by predatory lenders while trying to pursue a better life. This legislation represents a major

success in securing much-needed consumer protections for student loan borrowers."