



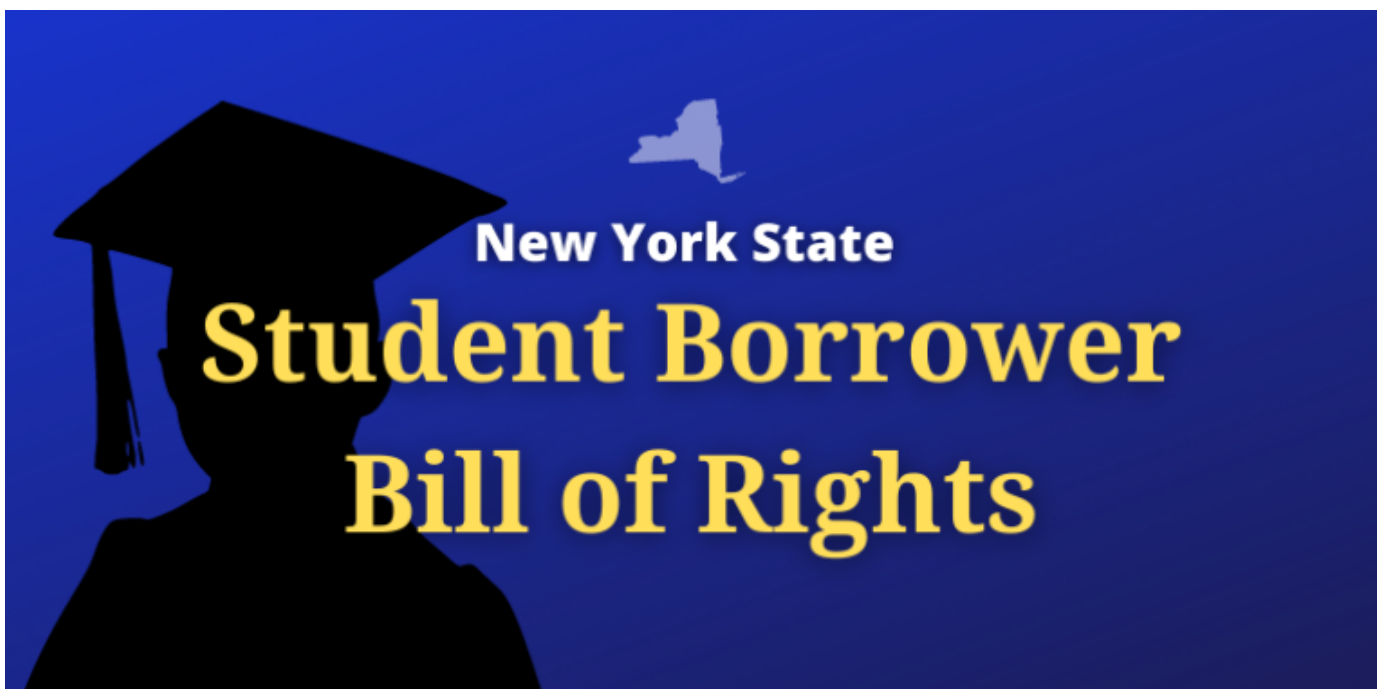
NEW YORK STATE SENATOR

Kevin Thomas

## Student Borrower Bill of Rights

KEVIN THOMAS February 28, 2022

| ISSUE: **STUDENT BORROWER BILL OF RIGHTS, STUDENT LOANS, STUDENT LOAN SERVICERS, CONSUMER PROTECTION**



Student loan servicers are often the most important points of contact for student loan borrowers. They send your monthly bills and process your loan payments, and they are also supposed to answer your questions and help you figure out the best way to repay your loans. For these reasons, when student loan servicers don't do their jobs well, borrowers suffer. In 2019, New York passed the **Student Loan Servicing Act**, which gave the **New York State Department of Financial Services**

the authority to license and regulate student loan servicers and to ensure that they treat borrowers with the respect and professionalism they deserve.

The law also created new protections for borrowers and their co-signors. These rights are described in the New York Student Loan Borrower Bill of Rights as follows:

## **Every Student Loan Borrower In New York Has The Right To:**

If you apply for financial aid to attend schools in New York, schools must send you a uniform financial aid award information sheet so your family and you can easily understand the costs of an education, make informed financial decisions, and compare financial aid offers from different schools. These financial aid award letters must include certain information, such as the total cost of attendance for the upcoming year, estimated cost of attendance for any subsequent years needed to earn a degree, total grant and scholarship awards, expected loan amounts, and the school's graduation rate, loan default rate, and average student debt.

Student loan servicers may not misrepresent or omit any information related to your loans, including the terms or conditions, the existence or amount of any fees or payments, and any policies related to cosigner releases.

Student loan servicers must inform you about any and all loan repayment plans for which you are eligible by prominently posting information on their website, ensuring their customer representatives are adequately trained, and mailing annual informational notices. Student loan servicers must inform you about any and all loan forgiveness, cancellation, or discharge programs for which you are eligible by prominently posting information on their

website, ensuring their customer representatives are adequately trained, and mailing annual informational notices.

To reduce costs for students and their families, if it is not specified in your loan contract, student loan servicers must ask how you would like any non-conforming payments—those that are greater or less than the monthly payment due—to be applied to your account. If you do not provide a specific way to apply the payment, servicers must apply the payment in your best interest. That means, for example, applying overpayments to the highest-interest loan to ensure it is paid down as quickly as possible and applying underpayments in the way that minimizes late fees and negative credit reporting.

Student loan servicers must prominently post on their websites a toll-free number that you can call to discuss your loans with a live customer representative. These representatives must be trained and knowledgeable about any available loan repayment plans or forgiveness, discharge, and cancellation programs. It is a violation of New York State law for a student loan servicer or their representative to engage in any unlawful, unfair, deceptive, abusive, or predatory behavior, such as misrepresenting or omitting any option available to you as a borrower or directing you to longer and more expensive repayment plans than you would otherwise qualify for.

Student loan servicers must make available online, at all times and free of charge, a clear and complete set of records for each of your loans. These records must include a report describing each of your student loans being serviced and the status of those loans, as well as the loans' interest rates and remaining balance.

If your student loan is transferred for any reason from one student loan servicer to another, the servicers must ensure that all relevant documents are properly transferred, including copies of the loan's promissory note, a schedule of payments that have been made, and any records of communication with you. Additionally, new student loan servicers must respect and continue to offer any benefits that previous servicers made available to you, including

benefits that were made available but for which you had not yet qualified. Finally, student loan servicers must provide you with notice of any sale, assignment, or transfer of your loan and must complete the sale, assignment, or transfer at least seven days before the next payment is due.

Student loan servicers must report only accurate information on your payment performance to credit reporting agencies.

Student loan servicers must respond to any complaint submitted by you, a cosigner, or an authorized representative. Student loan servicers must acknowledge that they have received the complaint, and then must investigate and correct any error within a specified period of time. You may also submit a complaint to the New York State Department of Financial Services, which will ensure that the student loan servicer investigates and responds to the complaint in a timely manner.