## 4598

2013-2014 Regular Sessions

IN SENATE

April 12, 2013

Introduced by Sen. LAVALLE -- read twice and ordered printed, and when printed to be committed to the Committee on Banks

AN ACT to amend the financial services law, in relation to the truth in student lending clearinghouse program; and to amend the financial services law and the education law, in relation to the student lending transparency program

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Paragraphs 6 and 7 of subsection (c) of section 301 of the 2 financial services law are amended and a new paragraph 8 is added to 3 read as follows:

4 (6) providing technical assistance to local governments and not-for-5 profits in the development of consumer protection measures with respect 6 to financial products and services; [and]

7 (7) continuing and expanding the detection, investigation and 8 prevention of insurance fraud[.]; AND

9 (8) ESTABLISHING AND ADMINISTERING THE "STUDENT LENDING TRANSPARENCY 10 PROGRAM" PURSUANT TO ARTICLE SIX OF THIS CHAPTER.

11 S 2. The financial services law is amended by adding a new article 6 12 to read as follows:

ARTICLE 6

STUDENT LENDING TRANSPARENCY PROGRAM

15 SECTION 601. DEFINITIONS.

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16 17 602. STUDENT LENDING TRANSPARENCY PROGRAM.

603. RULES AND REGULATIONS.

18 S 601. DEFINITIONS. THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEAN-19 INGS WHEN USED IN THIS ARTICLE:

20 A. "PRIVATE STUDENT LOANS" SHALL MEAN A PRIVATE LOAN ISSUED BY A 21 PRIVATE LENDING INSTITUTION FOR THE PURPOSES OF PAYING FOR OR FINANCING 22 HIGHER EDUCATION EXPENSES.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets
[] is old law to be omitted.

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B. "PRIVATE LENDING INSTITUTIONS" OR "PRIVATE LENDERS" SHALL MEAN ANY 1 PRIVATE ENTITY THAT ITSELF OR THROUGH AN AFFILIATE MAKES AVAILABLE 2 3 STUDENT LOANS TO PAY FOR OR FINANCE HIGHER EDUCATION EXPENSES.

C. "STUDENT BORROWER" SHALL MEAN ANY INDIVIDUAL WHO BORROWS MONEY FROM 4 5 A PRIVATE LENDING INSTITUTION TO FINANCE HIGHER EDUCATION EXPENSES. 6

D. "HIGHER EDUCATION EXPENSES" SHALL INCLUDE THE FOLLOWING:

(I) TUITION AND FEES;

(II) BOOKS AND SUPPLIES; AND

(III) ROOM AND BOARD.

10 602. STUDENT LENDING TRANSPARENCY PROGRAM. 1. THE SUPERINTENDENT S SHALL ESTABLISH A PROGRAM TO COMPILE DATA RELATED TO 11 PRIVATE STUDENT LOANS FOR THE PURPOSE OF COMPARING PRIVATE LENDING INSTITUTION'S STUDENT 12 LOAN INTEREST RATES AND REPAYMENT PLANS, INCLUDING POLICIES RELATING TO 13 14 DEFERMENT AND FORBEARANCE, DEFAULT POLICIES AND PENALTIES, AND ANY OTHER INFORMATION THAT THE SUPERINTENDENT DEEMS RELEVANT FOR THE PURPOSE OF 15 16 CREATING A LIST OF PRIVATE LENDERS WHO PROVIDE THE LOWEST RATES AND BEST REPAYMENT OPTIONS ON STUDENT LOANS. SUCH LIST SHALL BE CREATED AND MAIN-17 TAINED BY THE SUPERINTENDENT OR HIS DESIGNEE AND SHALL BE PLACED ON AN 18 19 EASILY ACCESSIBLE WEBSITE THAT SHALL BE MADE AVAILABLE TO BE LINKED TΟ WEBSITE OF THE HIGHER EDUCATION SERVICES CORPORATION PURSUANT TO 20 THE 21 SUBDIVISION THIRTEEN OF SECTION SIX HUNDRED FIFTY-FIVE OF THE EDUCATION LAW AND TO COLLEGES AND UNIVERSITIES WEBSITES PURSUANT TO ARTICLE FOUR-22 23 TEEN-B OF THE EDUCATION LAW.

24 2. SUCH WEBSITE SHALL BE UPDATED ON A MONTHLY BASIS TO ENSURE THAT THE 25 STUDENT LOAN INFORMATION IS CURRENT AND ACCURATE. THE SUPERINTENDENT OR SHALL COMPILE A LIST OF THE TOP TEN BEST PRIVATE 26 HIS OR HER DESIGNEE 27 LENDING INSTITUTIONS BASED UPON RATES AND POLICIES THAT ARE MOST FAVORA-BLE TO THE STUDENT BORROWER. THE SUPERINTENDENT MAY ALSO CONSIDER 28 THE PRIVATE LENDING INSTITUTIONS POLICIES FOR ALLOWING A STUDENT BORROWER TO 29 30 BORROW MORE THAN TEN PERCENT OVER SUCH STUDENT BORROWER'S TOTAL COST OF HIGHER EDUCATION EXPENSES WHEN DETERMINING IF A PRIVATE LENDING INSTITU-31 32 TION SHOULD BE PLACED ON SUCH LIST. INFORMATION PERTAINING TO LENDING 33 INSTITUTIONS THAT DO NOT MAKE THE TOP TEN LIST SHALL ALSO BE POSTED ON SUCH WEBSITE AND THOSE LENDING INSTITUTIONS THAT PROVIDE THE WORST RATES 34 35 AND STRICTEST REPAYMENT OPTIONS SHALL BE CLEARLY INDICATED.

S 603. RULES AND REGULATIONS. THE SUPERINTENDENT SHALL PROMULGATE ALL 36 37 RULES AND REGULATIONS NECESSARY FOR THE IMPLEMENTATION OF THIS ARTICLE.

38 3. Section 655 of the education law is amended by adding a new S subdivision 13 to read as follows: 39

40 13. TO CREATE A LINK ON THE CORPORATION'S WEBSITE TO THE DEPARTMENT OF FINANCIAL SERVICES WEBSITE PURSUANT TO SUBDIVISION ONE OF SECTION SIX 41 42 HUNDRED TWO OF THE FINANCIAL SERVICES LAW.

43 S 4. The education law is amended by adding a new article 14-B to read 44 as follows: 45

ARTICLE 14-B

STUDENT LENDING TRANSPARENCY PROGRAM

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SECTION 697. CREATION OF PROGRAM. 698. ACCESS TO INFORMATION.

699. LINKS TO DEPARTMENT OF FINANCIAL SERVICES.

50 697. CREATION OF PROGRAM. THE STUDENT LENDING TRANSPARENCY PROGRAM S IS HEREBY ESTABLISHED TO ENSURE THAT NEW YORK STATE COLLEGES PROVIDE THE 51 MOST ACCURATE AND TRANSPARENT INFORMATION WITH REGARD TO STUDENT LOANS. 52

S 698. ACCESS TO INFORMATION. NOTWITHSTANDING ANY OTHER LAW, RULE OR 53 54 REGULATION TO THE CONTRARY, NEW YORK STATE COLLEGES AS DEFINED IN 55 SECTION SIX HUNDRED ONE OF ARTICLE THIRTEEN OF THE EDUCATION LAW, SHALL BE REQUIRED THROUGH THEIR FINANCIAL AID OFFICES TO PROVIDE TO PROSPEC-56

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TIVE OR NEWLY ACCEPTED STUDENTS AND PARENTS CLEARLY OUTLINED AND EASY TO 1 2 UNDERSTAND INFORMATION PERTAINING TO THE TOTAL COST OF ATTENDANCE AT 3 THEIR INSTITUTION, THE APPROXIMATE OR ACTUAL TOTAL AMOUNT OF FINANCIAL 4 AID THEY WOULD RECEIVE FROM SUCH INSTITUTION AND THE APPROXIMATE OR 5 ACTUAL TOTAL AMOUNT OF STUDENT LOAN DEBT THEY WOULD ACCUMULATE OVER THE COURSE OF FOUR YEARS IF THEY ATTENDED SUCH COLLEGE. THE INFORMATION 6 7 PROVIDED MUST ALSO INCLUDE STUDENT LOAN RATES, INFORMATION ON REPAYMENT 8 PLANS AND DEFAULT RATES AND THE ACTUAL COST OF THE AVERAGE MONTHLY PAYMENT THAT WOULD BE REQUIRED UPON GRADUATION WHEN SUCH LOANS WOULD 9 10 BECOME DUE.

11 S 699. LINKS TO DEPARTMENT OF FINANCIAL SERVICES. NEW YORK STATE 12 COLLEGES THAT MAINTAIN AN OFFICIAL COLLEGE WEBSITE SHALL ALSO BE 13 REQUIRED TO ADD A LINK ON EACH OF THEIR WEBSITES TO THE DEPARTMENT OF 14 FINANCIAL SERVICES WEBSITE ON STUDENT LENDING TRANSPARENCY CREATED 15 PURSUANT TO ARTICLE SIX OF THE FINANCIAL SERVICES LAW.

16 S 5. This act shall take effect on the one hundred eightieth day after 17 it shall have become a law.