

**Senate File 539 - Introduced**

SENATE FILE 539  
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SF 318)

**A BILL FOR**

1 An Act establishing the office of student loan ombudsman within  
2 the college student aid commission.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 261.2, Code 2019, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 13. Support, maintain, and designate a  
4 student loan ombudsman to administer the office of student loan  
5 ombudsman in accordance with section 261.8.

6 Sec. 2. NEW SECTION. 261.8 Office of student loan ombudsman  
7 — duties.

8 1. *Office established.* The office of student loan ombudsman  
9 is established within the commission.

10 2. *Appointment.* The commission shall appoint the student  
11 loan ombudsman.

12 3. *Duties.* The student loan ombudsman, in consultation with  
13 the commission, shall do all of the following:

14 a. Receive, review, and attempt to resolve, in collaboration  
15 with postsecondary institutions, complaints from student  
16 loan borrowers involving entities that include but are not  
17 limited to student loan servicers, covered institutions and  
18 lenders providing private educational loans, as those terms  
19 are defined in section 261F.1, and any other participants in  
20 student loan lending, including but not limited to originators  
21 servicing their own student education loans. If, in meeting  
22 the requirements of this paragraph, the student loan ombudsman  
23 has reason to believe that a person or entity has knowingly  
24 engaged in an act or practice that constitutes a violation of  
25 chapter 261F or section 714.16, the student loan ombudsman  
26 shall submit the ombudsman's information and findings to the  
27 commission and to the attorney general for further review and  
28 appropriate action.

29 b. Compile and analyze data on student loan borrower  
30 complaints as described in paragraph "a".

31 c. Assist student loan borrowers to understand their rights  
32 and responsibilities under the terms of student education  
33 loans.

34 d. Provide information to the public, agencies, members of  
35 the general assembly, and others regarding the problems and

1 concerns of student loan borrowers and make recommendations for  
2 resolving such problems and concerns.

3 *e.* Analyze and monitor the development and implementation of  
4 federal, state, and local laws, ordinances, regulations, rules  
5 and policies relating to student loan borrowers and recommend  
6 any necessary changes.

7 *f.* Review the complete student education loan history for a  
8 student loan borrower who provides written consent for such a  
9 review.

10 *g.* Disseminate information concerning the availability of  
11 the student loan ombudsman to assist student loan borrowers and  
12 potential student loan borrowers, public institutions of higher  
13 education, student loan servicers, and any other participants  
14 in student education loan lending with any student education  
15 loan servicing concerns.

16 *h.* Establish and maintain a student loan borrower education  
17 course within existing resources that includes educational  
18 presentations and materials regarding student education  
19 loans. The course must include, but is not limited to,  
20 key loan terms, documentation requirements, monthly payment  
21 obligations, income-based repayment options, loan forgiveness,  
22 and disclosure requirements.

23 *i.* Take any other actions necessary to fulfill any  
24 additional duties set forth by the commission in accordance  
25 with this section.

26 *j.* Submit to the commission, by August 1 annually, a report  
27 that includes but is not limited to all of the following:

28 (1) A description of the actions taken by the office of  
29 student loan ombudsman with respect to the implementation of  
30 this section during the previous fiscal year.

31 (2) An assessment of the overall effectiveness of the office  
32 of the student loan ombudsman.

33 (3) Recommendations for legislative or administrative  
34 action for changes to the duties and responsibilities  
35 established under this section and for measures to improve

1 the efficacy and responsiveness of the office of student loan  
2 ombudsman.

3 4. *Definitions.* As used in this section, unless the context  
4 otherwise requires:

5 a. "*Commission*" means the college student aid commission.

6 b. "*Postsecondary institution*" means an institution of  
7 higher learning under the control of the state board of  
8 regents, a community college established under chapter 260C, or  
9 an accredited private institution or eligible institution as  
10 defined in section 261.9.

11 c. "*Servicing*" means receiving scheduled periodic payments  
12 from a student loan borrower pursuant to the terms of a student  
13 education loan, applying the payments of principal and interest  
14 and such other payments with respect to the amounts received  
15 from a student loan borrower as may be required pursuant to  
16 the terms of a student education loan, and performing other  
17 administrative services with respect to a student education  
18 loan.

19 d. "*Student education loan*" means a loan that is extended to  
20 a student loan borrower expressly for postsecondary education  
21 expenses or other school-related expenses and does not include  
22 open-end credit or any loan that is secured by real property.

23 e. "*Student loan borrower*" means any of the following:

24 (1) A resident of this state who has received or agreed to  
25 pay a student education loan.

26 (2) A person who shares legal responsibility with a resident  
27 under subparagraph (1) for repaying the student education loan.

28 f. "*Student loan servicer*" means a person, wherever located,  
29 responsible for the servicing of a student education loan to a  
30 student loan borrower.

31 EXPLANATION

32 The inclusion of this explanation does not constitute agreement with  
33 the explanation's substance by the members of the general assembly.

34 This bill establishes an office of student loan ombudsman  
35 within the college student aid commission, which shall support,

1 maintain, and designate a student loan ombudsman to administer  
2 the office.

3 The duties of the student loan ombudsman include receiving  
4 and attempting to resolve student loan borrowers' complaints;  
5 compiling and analyzing data on such complaints; assisting  
6 student loan borrowers to understand their rights and  
7 responsibilities; providing information to various entities  
8 regarding the problems and concerns of student loan borrowers;  
9 analyzing and monitoring the development and implementation  
10 of federal, state, and local requirements relating to student  
11 loan borrowers; disseminating information about the services  
12 offered by the office; establishing and maintaining a student  
13 loan borrower education course; and making recommendations as  
14 appropriate and taking other actions that fulfill the duties  
15 of the office.

16 If the ombudsman has reason to believe that a person or  
17 entity has knowingly engaged in an act or practice that  
18 constitutes a violation of Code chapter 261F relating to  
19 educational loans, or Code section 714.16 relating to consumer  
20 fraud, the ombudsman shall submit information and findings to  
21 the commission and to the attorney general for further review  
22 and appropriate action.

23 The ombudsman must also submit to the commission, by August  
24 1 annually, a report that describes the actions taken during  
25 the previous fiscal year, includes an assessment of office  
26 effectiveness, and provides recommendations for changes.

27 The bill establishes definitions, including definitions for  
28 "postsecondary institution", "servicing", "student education  
29 loan", and "student loan borrower".