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SENATE PASSES STUDENT LOAN BILL OF RIGHTS TO PROTECT BORROWERS

Bill creates a new licensing process for student loan servicers in the Division of Banks and empowers state officials to investigate and fine loan servicers

BOSTON — **Senator Anne Gobi (D-Spencer)** and the Massachusetts State Senate voted on Thursday to pass the “Student Loan Bill of Rights,” giving greater protections to student loan borrowers in disputes with companies servicing their loans.

The bill, [S.2380](#), *An Act establishing a student loan bill of rights*, requires student loan servicers to be licensed companies with the state Division of Banks, and empowers state officials to investigate the servicers and take action against those that violate the state’s banking and consumer protection laws.

“I was glad to co-sponsor and vote for this important bill,” said Senator Gobi. “I hear from a number of people how crushing student debt is. This is one step to erase some of that burden.”

The bill also supports the ongoing work of Attorney General Maura Healey’s Student Loan Assistance Unit by establishing a Student Loan Ombudsman in the Attorney General’s Office, who will lead efforts respond to complaints from student loan borrowers and help them understand their rights.

“A college degree has never cost so much. As a result, students are taking on substantial debt, and they are being taken advantage of by servicers who use deceptive practices and wrongly steer them into costly repayment plans. While the Trump Administration, led by Education Secretary Betsy DeVos, continues to side with large for-profit student loan servicers and strip away protections for

student loan borrowers, we in Massachusetts are standing up to protect our residents from predatory student loan companies,” said **Senator Eric P. Lesser (D-Longmeadow)**, lead sponsor of the bill in the Senate.

Under the bill, student loan servicers would have to apply for licenses from the state, which the Commissioner of Banks could revoke if the servicer is engaged in abusive practices such as overcharging students or steering them into costlier repayment plans to make higher profits.

Student loan servicers that break state licensing requirements or take advantage of students could be fined and forced to repay student borrowers under the bill.

The bill now goes to the State House of Representatives, where **Representative Natalie Higgins (D-Leominster)** is the lead sponsor of the House companion bill.

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