



State Representative Brigid Kelly
State Representative Kristin Boggs

Chairman Dever, Vice Chairman Sprague, Ranking Member Smith, and members of the House Financial Institutions, Housing and Urban Development Committee thank you for allowing us to provide sponsor testimony on House Bill 432. From the onset, I think it is important to note that a student loan borrower rarely has opportunity to vet or select the company servicing their student loans. They are thrust into this relationship with a company that they did not necessarily agree to do business with, so the purpose of this bill is to prevent unscrupulous student loan servicing companies from taking advantage of student borrowers by misapplying payments or misrepresenting their practices.

First, this bill creates a student loan ombudsperson within Dept. of Commerce's Division of Financial Institutions. This person will be a resource and advocate to borrowers and their families in helping them understand their rights and responsibilities. Secondly, it enhances oversight of student loan servicers by requiring them to obtain a student loan servicing license.

Once a company is licensed as a student loan servicer in Ohio it:

- Cannot engage in unfair or deceptive practices, including misrepresenting the amount, nature, or terms of any fee or payment on a student loan.
- Knowingly or recklessly misapply student loan payments to the outstanding balance.
- Recklessly apply inaccurate information to a credit bureau.
- Refuse to communicate with an authorized representative of the student loan borrower.
- It will be required to keep adequate records of each transaction be maintained

We believe this bill is important to help address the growing student loan catastrophe, which is quickly shaping up to be one of the most influential and disastrous debt crises in modern history. As of 2017, Ohio college graduates left school owing \$30,351 on average. Student loan borrowers in Ohio deserve a loan repayment process built on fairness, professionalism, and transparency.

By creating a student loan ombudsman within the Department of Commerce, student borrowers will have someone on their side to help them resolve complaints, and provide unbiased information to them and their families regarding their rights and responsibilities pursuant to their student loans.

We believe this bill will ensure student loan borrowers and their families receive levels of services and protection that are standard for other financial contracts, but not currently guaranteed under federal law for student loan servicers. Notably, this legislation does not require banks or credit unions to obtain a license because similar federal regulations for these companies already exists. Our goal is to make the playing field even across the board, and make sure that Ohioans get the same level of services and protections regardless of who is servicing their student loans.

By enacting this legislation Ohio will join 11 other states that have taken similar steps to protect student borrowers from being misled or ignored by their student loan servicers. We appreciate the chance to offer testimony on House Bill 432 and would be happy to answer any questions.