

A BILL

25-37

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA



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To amend the Department of Insurance and Securities Regulation Establishment Act of 1996 to prevent abusive acts or practices related to student education loans and private education loans, require the creation of a revised Student Loan Borrower Bill of Rights by January 1, 2025, to clarify that student loan servicers under contract with the United States Department of Education shall be automatically issued a limited student loan servicing license upon meeting certain criteria, to clarify the rights and obligations regarding denials of applications for approval, to prescribe prohibited conduct on the part of student loan servicers and private education lenders, to assign duties to student loan servicers and private education lenders, to establish responsibilities of private education lenders regarding disability discharge and cosigner release, to authorize the Attorney General to bring an action for a violation of certain provisions, and to make a conforming amendment.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “New Student Loan Borrower Bill of Rights Amendment Act of 2024”.

Sec. 2. The Department of Insurance and Securities Regulation Establishment Act of 1996, effective May 21, 1997 (D.C. Law 11-268; D.C. Official Code § 31-101 *et seq.*), is amended as follows:

(a) Section 2 (D.C. Official Code § 31-101) is amended as follows:

(1) A new paragraph (1A) is added to read as follows:

“(1A) “Abusive act or practice” means an act or practice that:

31 “(A) Materially interferes with the ability of a student loan borrower to
32 understand a term or condition of a student education loan or private education loan;

33 “(B) Takes unreasonable advantage of:

34 “(i) A lack of understanding on the part of a student loan borrower
35 of the material risks, costs, or conditions of a student education loan or private education loan;

36 “(ii) The inability of a student loan borrower to protect the interests
37 of the student loan borrower when selecting or using:

38 “(I) A student education loan or private education loan; or

39 “(II) A feature, term, or condition of a student education
40 loan or private education loan; or

41 “(iii) The reasonable reliance by the student loan borrower on a
42 person engaged in servicing a student education loan or private education loan to act in the
43 interests of the borrower; or

44 “(C) Misrepresents the amount, nature, or terms of any fee or payment due
45 or claimed to be due on a student education loan or private education loan, the terms and
46 conditions of the student education loan agreement or private education loan agreement or the
47 student loan borrower's obligations under the student education loan or private education loan.”.

48 (2) A new paragraph (2A) is added to read as follows:

49 “(2A)(A) “Cosigner” means an individual who is liable for the obligation of a
50 student loan borrower without compensation, regardless of how the individual is designated in

51 the contract or instrument with respect to that obligation, including an obligation under a private
52 education loan extended to consolidate a student loan borrower’s pre-existing student loans.

53 “(B) The term includes an individual whose signature is requested as a
54 condition to grant credit or to forbear on collection, but does not include a spouse of a student
55 loan borrower, the signature of whom is needed to perfect the security interest in a loan.”.

56 (3) New paragraphs (6C), (6D), (6E), (6F), and (6G) are added to read as follows:

57 “(6C) “Overpayment” means a payment on a student education loan or private
58 education loan in excess of the monthly amount due from the student loan borrower on a student
59 education loan or private education loan.

60 “(6D) “Partial payment” means a payment on a student education loan account
61 that contains multiple individual loans in an amount less than the amount necessary to satisfy the
62 outstanding payment due on all loans in the student education loan account.

63 “(6E)(A) “Postsecondary education expense” means an expense related to
64 enrollment in or attendance at a postsecondary education institution regardless of whether the
65 debt incurred by a student to pay those expenses is owed to the provider of postsecondary
66 education whose school, program, or facility the student attends.

67 (B) For the purpose of this paragraph, the term “postsecondary”
68 has the same meaning as that term is defined in section 201(12B) of the Education Licensure
69 Commission Act of 1976, effective April 6, 1977 (D.C. Law 1-104; D.C. Official Code § 38-
70 1302(12B)).

71 “(6F) “Private education lender” means a person engaged in the business of
72 securing, making, or extending private education loans, or a holder of a private education loan.
73 The term does not include, to the extent preempted by federal law:

74 “(A) A bank or credit union;

75 “(B) A wholly owned subsidiary of a bank or credit union; or

76 “(C) An operating subsidiary of a bank or credit union where each owner
77 of the operating subsidiary is wholly owned by the same bank or credit union.

78 “(6G)(A) “Private education loan” means an extension of credit that is not made,
79 insured, or guaranteed under Title IV of the Higher Education Act of 1965 (20 U.S.C. § 1070 *et*
80 *seq.*), and is extended to a consumer expressly, in whole or in part, for postsecondary education
81 expenses regardless of whether the loan is provided by the educational institution that the student
82 attends.

83 “(B) The term does not include:

84 “(i) Open-end credit or any loan that is secured by real property or
85 a dwelling; or

86 “(ii) An extension of credit in which the covered educational
87 institution is the creditor if the term is 90 days or less or an interest rate shall not be applied to
88 the credit balance and the term of the extension of credit is one year or less, even if the credit is
89 payable in more than 4 installments.

90 (4) Paragraph (9) is amended to read as follows:

91 “(9) “Student loan borrower” means a resident of the District of Columbia who
92 has received or agreed to pay a student education loan or a private education loan to fund his or
93 her postsecondary education.”.

94 (5) A new paragraph (13) is added to read as follows:

95 “(13) “Total and permanent disability” is the condition of an individual who:

96 “(A) Has been determined by the United State Secretary of Veterans
97 Affairs to be unemployable due to a service-connected disability; or

98 “(B) Is unable to engage in any substantial gainful activity by reason of
99 any medically determinable physical or mental impairment that can be expected to result in
100 death, has lasted for a continuous period of not less than 12 months, or can be expected to last for
101 a continuous period of not less than 12 months.”.

102 (b) Section 7a(c)(10) (D.C. Official Code § 31-106.01(c)(10)) is amended to read as
103 follows:

104 “(10) By January 1, 2025, develop an updated consumer-facing student loan borrower bill
105 of rights, and make it available on the Department’s website.”.

106 (c) Section 7b (D.C. Official Code § 31-106.02) is amended as follows:

107 (1) Subsection (c) is amended as follows:

108 (A) Paragraph (1)(B) is amended by striking the phrase “Application fees
109 and other fees” and inserting the phrase “Application fees, investigation fees, and other fees” in
110 its place.

111 (B) A new paragraph (3) is added to read as follows:

112 “(3) The Commissioner shall automatically issue a limited, irrevocable license to
113 a person or entity servicing a student education loan under contract with the United States
114 Department of Education provided that:

115 “(A)(i), A person or entity seeking to act within the District of Columbia
116 as a student loan servicer is exempt from the application procedures established pursuant to this
117 subsection, other than the requirements of paragraphs (1)(B) and (1)(D) of this subsection, to the
118 extent that the student loan servicing performed is conducted pursuant to a contract awarded by
119 the United States Secretary of Education under 20 U.S.C. § 1087f.

120 “(ii) The Commissioner shall prescribe the procedure to document
121 eligibility for the exemption and maintain records documenting each person and entity issued a
122 license pursuant to this paragraph.

123 “(B) A person or entity meeting the criteria set forth in subparagraph (A)
124 of this paragraph shall be issued a license by the Commissioner for the student loan servicing of
125 student education loans under contract with the United States Department of Education and shall
126 be deemed by the Commissioner to have met all the requirements established by subparagraphs
127 (1)(A) and (C) of this subsection.

128 “(C) The provisions of subsection (h) of this section shall not apply to a
129 person or entity issued a limited license pursuant to this section to the extent that the person or
130 entity is servicing a federal student education loan.

131 “(D)(i) A person or entity issued a license pursuant to this section shall
132 provide the Commissioner with written notice within 7 days following the notification of the
133 expiration, revocation, or termination of any contract awarded by the United States Secretary of
134 Education under 20 U.S.C § 1087f (“written notice”).

135 “(ii) After providing the written notice required by sub-
136 subparagraph (i) of this subparagraph, the person or entity shall have 30 days to satisfy all the
137 requirements established under this section in order to continue to act within the District of
138 Columbia as a student loan servicer for federal student education loans.

139 “(iii) At the expiration of the 30-day period provided in sub-
140 subparagraph (ii) of this subparagraph, if the person or entity has not satisfied the requirements
141 established pursuant to this section, the Commissioner shall immediately suspend any license
142 granted under this section.

143 “(E) In the case of student loan servicing that is not conducted pursuant to
144 a contract awarded by the United States Secretary of Education under 20 U.S.C. § 1087f, nothing
145 in this section shall prevent the Commissioner from issuing an order to temporarily or
146 permanently prohibit a person or entity from acting as a student loan servicer.

147 “(F) In the case of student loan servicing conducted pursuant to a contract
148 awarded by the United States Secretary of Education under 20 U.S.C § 1087f, nothing in this
149 section shall prevent the Commissioner from issuing a cease-and-desist order or an injunction

150 against a student loan servicer to cease activities in violation of this act or D.C. Official Code
151 §28-3901 *et seq.*”.

152 (2) Subsection (g)(1)(C) is amended by striking the phrase “The Commissioner
153 may deny an application for renewal” and inserting the phrase “Except as provided under
154 subsection (c)(3) of this section, the Commissioner may deny an application for renewal” in its
155 place.

156 (3) A new subsection (k) is added to read as follows:

157 “(k) In a format prescribed by the Commissioner, a licensee shall maintain the
158 contact information for the Department and the Ombudsman, as defined in section 7c(6B), on the
159 licensee’s website.”.

160 (d) New sections 7b-1, 7b-2, 7b-3, 7b-4, and 7b-5 are added to read as follows:

161 “Sec. 7b-1. Prohibited conduct –student loan servicers.

162 “(a) No student loan servicer shall:

163 “(1) Directly or indirectly employ any scheme, device, or artifice to defraud a
164 student loan borrower;

165 “(2) Directly or indirectly employ any scheme, device, or artifice to mislead a
166 student loan borrower;

167 “(3) Engage in any unfair or deceptive practice toward any person or misrepresent
168 or omit any material information in connection with the servicing of a student education loan,
169 including an abusive act and practice;

- 170 “(4) Obtain property by fraud;
- 171 “(5) Obtain property by misrepresentation;
- 172 “(6) Misapply student education loan payments to the outstanding balance of a
173 student education loan;
- 174 “(7) Provide inaccurate information to a credit bureau, harming a student loan
175 borrower's creditworthiness;
- 176 “(8) Fail to report both the favorable and unfavorable payment history of the
177 student loan borrower to a nationally recognized consumer credit bureau at least annually if the
178 student loan servicer regularly reports information to a credit bureau;
- 179 “(9) Refuse to communicate with an authorized representative of the student loan
180 borrower who provides a written authorization signed by the student loan borrower; except, that
181 the student loan servicer may adopt procedures reasonably related to verifying that the
182 representative is authorized to act on behalf of the student loan borrower;
- 183 “(10) Make a false statement or make an omission of a material fact in connection
184 with any information or report filed with a governmental agency or in connection with any
185 investigation conducted by the Commissioner or another governmental agency;
- 186 “(11) Fail to respond within 15 business days to a communication from the
187 Department, or the Office of the Attorney General, or within such shorter reasonable period of
188 time as may be requested by the Department or the Attorney General; or

189 “(12)(A) Fail to respond within 15 business days to a consumer complaint
190 submitted to the student loan servicer by the Department or the Office of the Attorney General.

191 “(B) A student loan servicer may request additional time to respond to the
192 complaint, up to a maximum of 45 business days, provided that the request is accompanied by an
193 explanation as to why additional time is reasonable and necessary.

194 “Sec. 7b-2. Affirmative duties – student loan servicers.

195 “(a) Except as otherwise provided pursuant to federal law or a student education loan
196 agreement, a student loan servicer shall:

197 “(1) Respond to any written inquiry from a student loan borrower or the
198 representative of a student loan borrower by:

199 “(A) Acknowledging receipt of the inquiry within 10 business days; and

200 “(B) Providing information relating to the inquiry, and, if applicable, the
201 action the student loan servicer will take to correct the account or an explanation of the student
202 loan servicer's determination that the borrower's account is correct within 30 business days,
203 including copies of all information and account information used by the student loan servicer in
204 reaching the determination.

205 “(2) Inquire of a student loan borrower who has an overpayment on how the
206 student loan borrower wants to apply the overpayment to a student education loan. A student
207 loan borrower's instruction on how to apply an overpayment to a student education loan shall

208 stay in effect for any future overpayments during the term of the student education loan until the
209 borrower provides different instructions.

210 “(3)(A) In the absence of direction provided by a student loan borrower pursuant
211 to paragraph (2) of this subsection, allocate an overpayment on a student loan account in a
212 manner that reduces the total cost of the student loan, including principal and balance, interest,
213 and fees.

214 “(B) A student loan servicer shall be deemed to meet the requirements of
215 this paragraph if the servicer allocates the overpayment to the loan with the highest interest rate
216 on the student loan borrower’s account, unless the student loan borrower specifies otherwise.

217 “(4)(A) In the absence of direction provided by a student loan borrower pursuant
218 to paragraph (2) of this subsection, apply partial payments in a manner that minimizes late fees
219 and negative credit reporting.

220 “(B) If there are multiple loans on a student loan borrower’s account with
221 an equal stage of delinquency, apply the partial payment in a way that satisfies as many
222 individual loan payments as possible on a student loan borrower's account.

223 “(b) Except as otherwise provided by federal law or regulation, the following
224 requirements shall be applicable to a student loan servicer in the event of the sale, assignment, or
225 other transfer of the servicing of a student education loan that results in a change in the identity
226 of the student loan servicer to whom a student loan borrower is required to send payments or
227 direct any communication concerning the student education loan:

228 “(1)(A) As a condition of a sale, an assignment, or any other transfer of the
229 servicing of a student education loan, a student loan servicer shall require the new student loan
230 servicer to honor all benefits originally represented as available to a student loan borrower during
231 the repayment of the student education loan and preserve the availability of those benefits,
232 including any benefits for which the student loan borrower has not yet qualified.

233 “(B) If a student loan servicer is not also the loan holder or is not acting on
234 behalf of the loan holder, the student loan servicer satisfies the requirement established by this
235 paragraph by providing the new student loan servicer with the information necessary for the new
236 student loan servicer to honor all benefits originally represented as available to a student loan
237 borrower during the repayment of the student education loan and preserve the availability of the
238 benefits, including any benefits for which the student loan borrower has not yet qualified.

239 “(2) A student loan servicer shall transfer to the new student loan servicer for the
240 student education loan all information regarding the student loan borrower, the account of the
241 student loan borrower, and the student education loan of the student loan borrower. The
242 information shall include the repayment status of the student loan borrower and any benefits
243 associated with the student education loan of the borrower.

244 “(3) The student loan servicer shall complete the transfer of information required
245 pursuant to paragraph (2) of this subsection within 45 calendar days after the sale, assignment, or
246 other transfer of the servicing of the student education loan.

247 “(4) The transferring student loan servicer shall notify affected student loan
248 borrowers of the sale, assignment, or other transfer of the servicing of the student education loan
249 at least 7 days before the next payment on the loan is due, which notice shall include:

250 “(A) The identity of the new student loan servicer;

251 “(B) The effective date of the transfer of the student loan borrower’s
252 student education loan to the new student loan servicer;

253 “(C) The date on which the existing student loan servicer will no longer
254 accept payments and whether and by when any action will need to be taken to update auto-debit
255 payments; and

256 “(D) The contact information for the new student loan servicer, including
257 phone number, email address, mailing address, and fax number.

258 “(c) A student loan servicer who obtains the right to service a student education loan shall
259 adopt policies and procedures to verify that the student loan servicer has received all information
260 regarding the student loan borrower, the account of the student loan borrower, and the student
261 education loan of the student loan borrower, including the repayment status of the student loan
262 borrower and any benefits associated with the student education loan of the student loan
263 borrower.

264 “(d) A student loan servicer shall evaluate a student loan borrower for eligibility for an
265 income-driven repayment program prior to placing the student loan borrower in forbearance or
266 default if an income-driven repayment program is available to the student loan borrower.

267 “Sec. 7b-3. Prohibited acts – private education lenders.

268 “(a)(1) A private education loan executed after the applicability date of this section shall
269 not include a provision that permits the private education lender to accelerate, in whole or in part,
270 payments on a private education loan except in cases of payment default or place any loan or
271 account into default or accelerate a loan for any reason other than for payment default.

272 “(2) A private education loan executed prior to the applicability date of this
273 section shall permit the private education lender to accelerate payments only if the promissory
274 note or private education loan agreement explicitly authorizes an acceleration and only for the
275 reasons stated in the note or agreement.

276 “(3) In the event of the death of a cosigner, the lender shall not attempt to collect
277 against the cosigner’s estate other than for payment default.

278 “(4) Upon receiving notification of the death or bankruptcy of a cosigner, when
279 the private education loan is not more than 60 days delinquent at the time of the notification, the
280 private education lender shall not change any terms or benefits under the promissory note,
281 repayment schedule, repayment terms, or monthly payment amount or any other provision
282 associated with the private education loan.

283 “(5) A private education lender shall not place any private education loan or
284 account into default or accelerate a private education loan while a student loan borrower is
285 seeking a loan modification or enrollment in a flexible repayment plan; except, that a private

286 education lender may place a private education loan or account into default or accelerate a
287 private education loan for payment default 90 days after the student loan borrower's default.

288 “(b) A private education lender shall not:

289 “(1) Directly or indirectly employ any scheme, device, or artifice to defraud a
290 student loan borrower;

291 “(2) Directly or indirectly employ any scheme, device, or artifice to mislead a
292 student loan borrower;

293 “(3) Engage in any unfair or deceptive practice toward any person or misrepresent
294 or omit any material information in connection with the servicing of a private education loan,
295 including, abusive acts and practices;

296 “(4) Obtain property by fraud;

297 “(5) Obtain property by misrepresentation;

298 “(6) Misapply private education loan payments to the outstanding balance of a
299 private education loan;

300 “(7) Provide inaccurate information to a credit bureau, thereby harming a student
301 loan borrower's creditworthiness;

302 “(8) Fail to report both the favorable and unfavorable payment history of the
303 student loan borrower to a nationally recognized consumer credit bureau at least annually if the
304 private education lender regularly reports information to a credit bureau;

305 “(9) Refuse to communicate with an authorized representative of the student loan
306 borrower who provides a written authorization signed by the student loan borrower; except, that
307 the private education lender may adopt procedures reasonably related to verifying that the
308 representative is authorized to act on behalf of the student loan borrower;

309 “(10) Make any false statement or make any omission of a material fact in
310 connection with any information or reports filed with a governmental agency or in connection
311 with any investigation conducted by the Commissioner or another governmental agency;

312 “(11) Fail to respond within 15 business days to communications from the
313 Department or the Office of the Attorney General, or within such shorter reasonable period of
314 time as may be requested by the Commissioner or the Attorney General; or

315 “(12)(A) Fail to respond within 15 business days to a consumer complaint
316 transmitted to the private education lender by the Department or the Office of the Attorney
317 General.

318 “(B) A private education lender may request additional time to respond to
319 the complaint, up to a maximum of 45 business days, provided that the request is accompanied
320 by an explanation as to why additional time is reasonable and necessary.

321 “Sec. 7b-4. Affirmative duties – private education lenders.

322 “(a) For a private education loan issued on or after the applicability date of this section:

323 “(1) A private education lender or student loan servicer acting on behalf of a
324 private education lender when notified of the total and permanent disability of a student loan

325 borrower or cosigner shall release any cosigner from the obligations under the private education
326 loan. The private education lender shall not attempt to collect a payment from a cosigner after
327 being notified of the total and permanent disability of the cosigner or borrower.

328 “(2) A private education lender shall notify a student loan borrower and cosigner
329 for a private education loan if either a cosigner or the student loan borrower is released from the
330 obligations of the private education loan under this subsection within 30 days of the release.

331 “(3) A private education lender that extends a private education loan to a student
332 loan borrower shall provide the student loan borrower an option to designate an individual to
333 have the legal authority to act on behalf of the student loan borrower with respect to the private
334 education loan in the event of the total and permanent disability of the student loan borrower.

335 “(4) In the event a cosigner is released from the obligations of a private education
336 loan pursuant to paragraph (1) of this subsection, the private education lender shall not require
337 the student loan borrower to obtain another cosigner on the private education loan obligation.

338 “(5) A private education lender shall not declare a default or accelerate the debt
339 against the student loan borrower on the sole basis of the release of the cosigner from the private
340 education loan obligation.

341 “(6) A private education lender shall when notified of the total and permanent
342 disability of a student loan borrower discharge the liability of the student loan borrower and
343 cosigner on the private education loan.

344 “(7) After receiving a notification pursuant to paragraph (1) of this subsection, the
345 private education lender shall not attempt to collect on the outstanding liability of the student
346 loan borrower or cosigner or monitor the disability status of the student loan borrower after the
347 date of discharge.

348 “(b) Availability of alternative repayment plans.

349 “(1) If a private education lender offers a student loan borrower flexible or
350 modified repayment options in connection with a private education loan, those flexible
351 repayment options shall be made available to all borrowers and the private education lender
352 shall:

353 “(A) Provide on its website a description of any alternative repayment
354 options offered by the private education lender for a private education loan; and

355 “(B) Establish policies and procedures to facilitate evaluation of private
356 education loan flexible repayment option requests, including providing accurate information
357 regarding any private education loan alternative repayment options that may be available to the
358 student loan borrower through a promissory note or that may have been marketed to the student
359 loan borrower through marketing materials.

360 “(2) A private education lender or a student loan servicer acting on behalf of a
361 private education lender shall consistently present and offer flexible or modified private
362 education loan repayment options to student loan borrowers with similar financial circumstances,
363 if the private education lender offers such repayment options.

364 “(c)(1) Prior to the extension of a private education loan that requires a cosigner, a private
365 education lender shall deliver the following information to the cosigner:

366 “(A) How the private education loan obligation shall appear on the
367 cosigner’s credit;

368 “(B) How the cosigner shall be notified if the private education loan
369 becomes delinquent, including how the cosigner can cure the delinquency in order to avoid
370 negative credit furnishing and loss of cosigner release eligibility; and

371 “(C) Eligibility for release of the cosigner’s obligation on the private
372 education loan, including the number of on-time payments and any other criteria required to
373 approve the release of the cosigner from the private education loan obligation.

374 “(2) Prior to offering a person a private education loan that is being used to
375 refinance an existing education loan, a private education lender shall provide the person a
376 disclosure that benefits and protections applicable to the existing loan may be lost due to the
377 refinancing.

378 “(3) The information provided pursuant to this section shall be provided on a one-
379 page information sheet in a 12-point font and shall be written in simple, clear, understandable
380 and easily readable language as provided in the Plain Writing Act of 2010 (5 U.S.C. § 301, note).

381 “(d)(1) For any private education loan that obligates a cosigner, a private education
382 lender shall provide the student loan borrower and the cosigner an annual written notice
383 containing information about cosigner release, including the administrative, objective criteria the

384 private education lender requires to approve the release of the cosigner from the private
385 education loan obligation and the process for applying for cosigner release.

386 “(2) If the student loan borrower has met the applicable requirements to be
387 eligible for cosigner release, the private education lender shall send the student loan borrower
388 and the cosigner a written notification by U.S. mail, and by electronic mail when a student loan
389 borrower or cosigner has elected to receive electronic communications from the private
390 education lender, informing the student loan borrower and cosigner that the requirements to be
391 eligible for cosigner release have been met.

392 “(3) A private education lender shall provide written notice to a borrower who
393 applies for cosigner release, but whose application is incomplete. The written notice shall include
394 a description of the information needed to consider the application complete and the date by
395 which the applicant must furnish the missing information.

396 “(4)(A) Within 30 days after a student loan borrower submits a completed
397 application for cosigner release, the private education lender shall send the student loan borrower
398 and the cosigner a written notice that informs the student loan borrower and cosigner whether the
399 cosigner release application has been approved or denied.

400 “(B) If the private education lender denies the request for cosigner release,
401 the student loan borrower may request any documents or information used in the determination,
402 including the credit score threshold used by the private education lender, the student loan
403 borrower’s consumer report, the student loan borrower’s credit score, and any other documents

404 specific to the student loan borrower. The private education lender shall also provide any adverse
405 action notices required under applicable federal law if the denial is based in whole or in part on
406 any information contained in a consumer report.

407 “(5) In response to a written or oral request for cosigner release, a private
408 education lender shall provide the information described in paragraph (1) of this subsection.

409 “(6) A private education lender shall not impose any restriction that permanently
410 bars a student loan borrower from qualifying for cosigner release, including restricting the
411 number of times a student loan borrower may apply for cosigner release.

412 “(7)(A) A private education lender shall not impose any negative consequences
413 on a student loan borrower or cosigner during the 60 days following the issuance of the notice
414 required pursuant to paragraph (3) of this subsection or until the private education lender makes
415 a final determination about a borrower’s cosigner release application.

416 “(B) For the purpose of this paragraph, the term “negative consequences”
417 includes the imposition of additional eligibility criteria, negative credit reporting, lost eligibility
418 for cosigner release, late fees, interest capitalization, or other financial penalty.

419 “(8)(A) For a private education loan executed after the applicable date of this
420 section, a private education lender shall not require more than 12 consecutive, on-time payments
421 as a requirement for cosigner release.

422 “(B) A student loan borrower who has paid the equivalent of 12 months of
423 principal and interest payments within any 12-month period shall be considered to have satisfied

424 a consecutive, on-time payment requirement even if the student loan borrower has not made
425 payments monthly during the 12-month period.

426 “(9) If a student loan borrower or cosigner requests a change in terms that restarts
427 the counting of consecutive, on-time payments required for cosigner release, the private
428 education lender shall notify the student loan borrower and cosigner in writing of the impact of
429 the change and provide the student loan borrower or the cosigner the right to withdraw or reverse
430 the request to avoid that impact.

431 “(10)(A) A student loan borrower shall have the right to request a reconsideration
432 of a private education lender’s denial of a request for cosigner release, and the private education
433 lender shall permit the student loan borrower to submit additional documentation evidencing the
434 borrower’s ability to meet the payment obligations.

435 “(B) The student loan borrower may request review of the cosigner release
436 determination by a different employee than the employee who made the original determination.

437 “(11)(A) A private education lender shall establish and maintain a comprehensive
438 record-management system (“record-management system”) reasonably designed to ensure the
439 accuracy, integrity, and completeness of data and other information about cosigner release
440 applications and compliance with applicable District and federal laws, including the Equal Credit
441 Opportunity Act (15 U.S.C. § 1691 *et seq.*) and the Fair Credit Reporting Act (15 U.S.C. § 1681
442 *et seq.*).

443 “(B) The record-management system shall also include the:

444 “(i) Number of cosigner release applications received;

445 “(ii) Approval and denial rate; and

446 “(iii) primary reasons for any denial.

447 “(e)(1) A private education lender shall provide a cosigner with access to all documents
448 or records related to the cosigned private education loan that are available to the student loan
449 borrower.

450 “(2) If a private education lender provides electronic access to documents and
451 records for a student loan borrower, it shall provide the equivalent electronic access to the
452 cosigner.

453 “(3) Upon written notice from the student loan borrower or cosigner, the private
454 education lender may redact or withhold contact information for the student loan borrower and
455 cosigner.

456 “Sec. 7b-5. Enforcement.

457 “(a) In addition to complying with the requirements of the New Student Loan Borrower
458 Bill of Rights Amendment Act of 2024, as approved by the Committee on Business and
459 Economic Development on June 17, 2024 (Committee print of Bill 25-37), a student loan
460 servicer shall comply with all applicable federal laws relating to student loan servicing, as from
461 time to time amended, and the regulations promulgated pursuant to those federal laws.

462 “(b) A violation of section 7b-1 or 7b-3 is an unfair or deceptive trade practice pursuant
463 to D.C. Official Code § 28-3904.

464 “(c) Any person who suffers damage as a result of the failure of a student loan servicer or
465 private education lender to comply with sections 7b, 7b-1, 7b-2, 7b-3, 7b-4, or 7b-5(a) may bring
466 an action on their own behalf and on behalf of a similarly situated class of consumers against that
467 student loan servicer or private education lender to recover or obtain:

468 “(1) Actual damages, but in no case shall the total award of damages be less than
469 \$500 per plaintiff, per violation;

470 “(2) An order enjoining the methods, acts, or practices;

471 “(3) Restitution of property;

472 “(4) Punitive damages;

473 “(5) Attorney’s fees; or

474 “(6) Any other relief that the court considers proper.

475 “(d) In addition to any other remedies provided by this section or otherwise provided by
476 law, whenever it is proven by a preponderance of the evidence that a student loan servicer or
477 private education lender has engaged in conduct that substantially interferes with a student
478 borrower’s right to an alternative payment arrangement, loan forgiveness, cancellation, or
479 discharge, or any other financial benefit, as established under the terms of a student loan
480 borrower’s promissory note or under the Higher Education Act of 1965 (20 U.S.C. § 1070a *et*
481 *seq.*), (“Higher Education Act”), as from time to time amended, and regulations promulgated
482 pursuant to the Higher Education Act, the court shall award treble actual damages to the plaintiff,
483 but in no case shall the award of damages be less than \$1,500 per violation.

484 “(e) The remedies provided in this section are not the exclusive remedies available to a
485 student loan borrower or cosigner, nor must the student loan borrower exhaust any administrative
486 remedies provided in this section or any other applicable law before proceeding pursuant to this
487 section.

488 “(f) The Attorney General may bring an action for any violation of sections 7b, 7b-1, 7b-
489 2, 7b-3, 7b-4 or 7b-5(a) under the authority granted in § 28-3909.

490 “(g) The Department shall share information on a quarterly basis related to the
491 implementation, execution, and enforcement of sections 7b, 7b-1, 7b-2, 7b-3, 7b-4 and 7b-5(a)
492 with the Office of the Attorney General.

493 (e) Section 7c is amended by striking the phrase “sections 7a and 7b.” and inserting the
494 phrase “sections 7b, 7b-1, 7b-2, 7b-3, 7b-4 and 7b-5(a).” in its place.

495 Sec. 3. Conforming amendment.

496 Section 28-3903 of the District of Columbia Official Code is amended by adding a new
497 subsection (d) to read as follows:

498 “(d) The Attorney General may bring an action pursuant to section 7b-5(f) of the
499 Department of Insurance and Securities Regulation Establishment Act of 1996, as approved by
500 the Committee on Business and Economic Development on June 17, 2024 (Committee print of
501 Bill 25-37) (“act”) for a violation of sections 7b, 7b-1, 7b-2, 7b-3, 7b-4 or 7b-5(a) of the act.

502 Sec. 4. Applicability.

503 This act shall apply as of October 1, 2024.

504 Sec. 5. Fiscal impact statement.

505 The Council adopts the fiscal impact statement in the committee report as the fiscal
506 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
507 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

508 Sec. 6. Effective date.

509 This act shall take effect following approval by the Mayor (or in the event of veto by the
510 Mayor, action by the Council to override the veto) and a 30-day period of congressional review
511 as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
512 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)).