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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 320

01/22/2015 Authored by Murphy, E.; Clark; Applebaum; Lien; Atkins and others
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to higher education; requiring student loan originators to provide certain
1.3 disclosures; proposing coding for new law in Minnesota Statutes, chapter 135A.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. [135A.27] PRIVATE STUDENT LOANS; DISCLOSURES REQUIRED.

1.6 Subdivision 1. Disclosure statement required. In addition to any disclosures
1.7 that may be required by federal law, a private lender offering student loan products to
1.8 borrowers in this state may not issue a loan to a student borrower unless, prior to the
1.9 borrower becoming liable for the amount of the loan, the lender has provided a disclosure
1.10 statement meeting the requirements of this section. The disclosure statement must be
1.11 provided in writing, in a format designed to be easy to read and understand, and its receipt
1.12 must be acknowledged by the borrower by signature. The disclosure statement must, at a
1.13 minimum, include the following:

1.14 (1) a listing of the schedules that the borrower may use to repay the loan, including
1.15 an estimate of the monthly payments for each schedule based on the amount of the loan;

1.16 (2) the interest rate of the loan, and whether the rate is fixed or variable;

1.17 (3) the total amount of interest that would be paid, over the life of the loan, for
1.18 each repayment schedule;

1.19 (4) the procedure for modifying a repayment schedule if, after entering repayment,
1.20 the borrower seeks lower monthly payments; and

1.21 (5) example calculations of the repayment costs of the loan, as a percentage of
1.22 potential salaries that might be reasonably expected upon graduation.

1.23 Subd. 2. Enforcement. Compliance with this section may be enforced by the
1.24 attorney general, as provided in section 8.31.