58B.06 DUTIES OF STUDENT LOAN SERVICERS.

Subdivision 1. **Response requirements.** Upon receiving a written communication from a borrower, a student loan servicer must:

(1) acknowledge receipt of the communication in less than ten days from the date the communication is received; and

(2) provide information relating to the communication and, if applicable, the action the student loan servicer will take to either (i) correct the borrower's issue or (ii) explain why the issue cannot be corrected. The information must be provided less than 30 days after the date the written communication was received by the student loan servicer.

Subd. 2. **Overpayments.** (a) A student loan servicer must ask a borrower in what manner the borrower would like any overpayment to be applied to a student loan. A borrower's instruction regarding the application of overpayments is effective for the term of the loan or until the borrower provides a different instruction.

(b) For purposes of this subdivision, "overpayment" means a payment on a student loan that exceeds the monthly amount due.

Subd. 3. **Partial payments.** (a) A student loan servicer must apply a partial payment in a manner intended to minimize late fees and the negative impact on the borrower's credit history. If a borrower has multiple student loans with the same student loan servicer, upon receipt of a partial payment the servicer must apply the payments to satisfy as many individual loan payments as possible.

(b) For purposes of this subdivision, "partial payment" means a payment on a student loan that is less than the monthly amount due.

Subd. 4. **Transfer of student loan.** (a) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer must protect the borrower from negative consequences resulting from the sale, assignment, transfer, system conversion, or payment the borrower makes to the original loan servicer consistent with the original student loan servicer's policy. For purposes of this paragraph, "negative consequences" includes but is not limited to: (1) negative credit reporting; (2) imposing late fees that are not required by the promissory note; or (3) eligibility loss or denial for a benefit or protection established under federal law or included in the loan contract.

(b) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original and new student loan servicer must provide a written notice to the borrower subject to the transfer. The notice must be provided no less than 15 calendar days before the transfer's effective date and must include:

(1) the sale, assignment, or transfer's effective date;

(2) the name, address, website, and toll-free telephone number for the original student loan servicer's designated point of contact for the borrower to contact in order to obtain answers to servicing inquiries;

(3) the name, address, website, and toll-free telephone number for the new student loan servicer's designated point of contact for the borrower to contact in order to obtain answers to servicing inquiries;

(4) the date the original student loan servicer stops accepting payments on the borrower's student loan;

(5) the date the new student loan servicer begins accepting payments on the borrower's student loan;

(6) information that indicates whether the borrower's authorization for recurring electronic funds transfers, if applicable, is transferred to the new servicer. If a recurring electronic funds transfer is not transferred, the transferee must provide information that explains how the borrower may establish a new recurring electronic funds transfer with the new servicer; and

(7) a statement that indicates the current loan balance, including the current unpaid amount of principal, interest, and fees.

(c) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer must ensure all necessary information regarding a borrower, a borrower's account, and a borrower's student loan accompanies a loan when the loan is transferred to a new student loan servicer. The transfer of necessary information must occur within 45 calendar days of the sale, assignment, or transfer's effective date. For purposes of this subdivision, "necessary information" includes but is not limited to:

(1) a schedule of all transactions credited or debited to the student loan account;

(2) a copy of the promissory note for the student loan;

(3) notes created by the student loan servicer's personnel that reflect communications with the borrower regarding the student loan account;

(4) a report of the data fields relating to the borrower's student loan account created by the student loan servicer's electronic systems in connection with servicing practices;

(5) copies or electronic records of information or documents the borrower provided to the student loan servicer;

(6) if applicable, usable data fields that contain information necessary to assess the borrower's eligibility for forgiveness, including public service loan forgiveness; and

(7) information necessary to compile a payment history.

(d) A new student loan servicer must adopt and implement policies and procedures to verify that the original student loan servicer meets the requirements of paragraph (c).

Subd. 5. **Income-driven repayment.** (a) A student loan servicer must evaluate a borrower for eligibility for an income-driven repayment program before placing a borrower in forbearance or default.

(b) A student loan servicer must provide the following information on the student loan servicer's website:

(1) a description of any income-driven repayment programs available under the student loan contract or federal or state laws and regulations; and

(2) information on the policies and procedures the student loan servicer implements to facilitate the evaluation of student loan income-driven repayment program requests, including accurate information regarding any options that may be available to the borrower through the promissory note or that may have been marketed to the borrower through marketing materials.

Subd. 6. **Records.** A student loan servicer must maintain complete and accurate records, including of all written communication and telephone recordings, for each student loan. The records must be maintained

for at least two years following the final payment on the student loan or the sale, assignment, or transfer of the servicing.

History: *1Sp2021 c 4 art 6 s 7; 2024 c 114 art 3 s 15,16; 2026 c 124 art 1 s 24,25*