

ASSEMBLY BILL NO. 383—ASSEMBLYMEN
FRIERSON; MCCURDY AND WATTS

MARCH 21, 2019

Referred to Committee on Commerce and Labor

SUMMARY—Provides for the designation of a Student Loan
Ombudsman. (BDR 18-880)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to student education loans; providing for the designation of a Student Loan Ombudsman within the Office of the State Treasurer and prescribing the powers and duties relating to that position; authorizing the use of certain money to pay the costs of the Student Loan Ombudsman; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the State Treasurer to perform certain duties relating to the financing of higher education. (NRS 353B.090, 353B.320, 353B.350, 396.926) **Section 36.6** of this bill requires the State Treasurer to designate a Student Loan Ombudsman within the Office of the State Treasurer to assist student loan borrowers. **Section 36.7** of this bill prescribes the duties of the Student Loan Ombudsman, which include: (1) attempting to resolve complaints from student loan borrowers; (2) assisting student loan borrowers to understand their rights and responsibilities; and (3) reviewing the complete history of the student education loans of a student loan borrower. **Section 36.8** of this bill requires the Student Loan Ombudsman to establish and maintain an education course for student loan borrowers which provides educational presentations and materials regarding student education loans. **Section 36.9** of this bill requires the State Treasurer to report to the Legislature concerning the Student Loan Ombudsman and the regulation of student loan servicers.

Existing law requires the State Treasurer to establish an Endowment Account in the State General Fund. Existing law authorizes the State Treasurer to expend the money in the Account for certain purposes relating to higher education and financial education. (NRS 353B.350) **Section 37** of this bill authorizes the State Treasurer to expend the money in the Account to carry out the Student Loan Ombudsman Program.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** (Deleted by amendment.)
- 2 **Sec. 2.** (Deleted by amendment.)
- 3 **Sec. 3.** (Deleted by amendment.)
- 4 **Sec. 4.** (Deleted by amendment.)
- 5 **Sec. 5.** (Deleted by amendment.)
- 6 **Sec. 6.** (Deleted by amendment.)
- 7 **Sec. 7.** (Deleted by amendment.)
- 8 **Sec. 8.** (Deleted by amendment.)
- 9 **Sec. 9.** (Deleted by amendment.)
- 10 **Sec. 10.** (Deleted by amendment.)
- 11 **Sec. 11.** (Deleted by amendment.)
- 12 **Sec. 12.** (Deleted by amendment.)
- 13 **Sec. 13.** (Deleted by amendment.)
- 14 **Sec. 14.** (Deleted by amendment.)
- 15 **Sec. 15.** (Deleted by amendment.)
- 16 **Sec. 16.** (Deleted by amendment.)
- 17 **Sec. 17.** (Deleted by amendment.)
- 18 **Sec. 18.** (Deleted by amendment.)
- 19 **Sec. 19.** (Deleted by amendment.)
- 20 **Sec. 20.** (Deleted by amendment.)
- 21 **Sec. 20.5.** (Deleted by amendment.)
- 22 **Sec. 21.** (Deleted by amendment.)
- 23 **Sec. 22.** (Deleted by amendment.)
- 24 **Sec. 23.** (Deleted by amendment.)
- 25 **Sec. 24.** (Deleted by amendment.)
- 26 **Sec. 25.** (Deleted by amendment.)
- 27 **Sec. 26.** (Deleted by amendment.)
- 28 **Sec. 27.** (Deleted by amendment.)
- 29 **Sec. 28.** (Deleted by amendment.)
- 30 **Sec. 28.5.** (Deleted by amendment.)
- 31 **Sec. 29.** (Deleted by amendment.)
- 32 **Sec. 30.** (Deleted by amendment.)
- 33 **Sec. 31.** (Deleted by amendment.)
- 34 **Sec. 32.** (Deleted by amendment.)
- 35 **Sec. 33.** (Deleted by amendment.)
- 36 **Sec. 34.** (Deleted by amendment.)
- 37 **Sec. 35.** (Deleted by amendment.)
- 38 **Sec. 36.** (Deleted by amendment.)



1 **Sec. 36.05.** Chapter 226 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 36.1 to 36.9, inclusive, of
3 this act.

4 **Sec. 36.1.** *As used in sections 36.1 to 36.9, inclusive, of this*
5 *act, unless the context otherwise requires, the words and terms*
6 *defined in sections 36.2 to 36.55, inclusive, of this act have the*
7 *meanings ascribed to them in those sections.*

8 **Sec. 36.2.** *“Student education loan” means any loan*
9 *primarily for personal use to finance education or other school-*
10 *related expenses.*

11 **Sec. 36.3.** *“Student loan borrower” means:*

12 1. *Any resident of this State who receives or agrees to pay a*
13 *student education loan; and*

14 2. *Any person who shares responsibility with such a resident*
15 *for repaying the student education loan.*

16 **Sec. 36.4.** *“Student Loan Ombudsman” means the Student*
17 *Loan Ombudsman designated by the State Treasurer pursuant to*
18 *section 36.6 of this act.*

19 **Sec. 36.5.** *“Student loan servicer” means any person,*
20 *wherever located, responsible for the servicing of any student*
21 *education loan to any student loan borrower.*

22 **Sec. 36.55.** *“Student loan servicing” or “servicing” means:*

23 1. *Receiving any scheduled periodic payments from a student*
24 *loan borrower pursuant to the terms of a student education loan*
25 *or any notification that a student loan borrower made such a*
26 *scheduled periodic payment and applying the payments to the*
27 *account of a student loan borrower, as may be required pursuant*
28 *to the terms of a student education loan or a contract governing*
29 *the servicing of a student education loan;*

30 2. *During a period in which no payment is required on a*
31 *student education loan, maintaining account records for a student*
32 *education loan and communicating with the student loan*
33 *borrower on behalf of the owner of the promissory note for the*
34 *student education loan; or*

35 3. *Interacting with a student loan borrower concerning a*
36 *student education loan with the goal of helping the student loan*
37 *borrower avoid default on the student education loan or*
38 *facilitating the activities described in subsection 1 or 2.*

39 **Sec. 36.6.** *The State Treasurer shall designate a Student*
40 *Loan Ombudsman within the Office of the State Treasurer to:*

41 1. *Provide timely assistance to any student loan borrower of*
42 *any student education loan; and*

43 2. *Carry out the duties as set forth in sections 36.1 to 36.8,*
44 *inclusive, of this act.*

45 **Sec. 36.7.** *The Student Loan Ombudsman shall:*



1 1. *Receive, review and attempt to resolve any complaint from*
2 *a student loan borrower, including, without limitation, attempting*
3 *to resolve such a complaint in collaboration with an institution of*
4 *higher education, a student loan servicer and any other person*
5 *who participates in providing a student education loan.*

6 2. *Compile and analyze data on complaints as described in*
7 *subsection 1.*

8 3. *Assist student loan borrowers to understand their rights*
9 *and responsibilities under the terms of student education loans.*

10 4. *Provide information to the public, governmental agencies*
11 *and the Legislature regarding the problems and concerns of*
12 *student loan borrowers and make recommendations for resolving*
13 *those problems and concerns.*

14 5. *Analyze and monitor the development and implementation*
15 *of federal, state and local laws, regulations and policies relating to*
16 *student loan borrowers and recommend any changes the Student*
17 *Loan Ombudsman deems necessary.*

18 6. *Review the complete history of any student education loan*
19 *for any student loan borrower who has provided written consent*
20 *for such a review.*

21 7. *Disseminate information concerning the availability of the*
22 *Student Loan Ombudsman to assist student loan borrowers,*
23 *potential student loan borrowers, institutions of higher education,*
24 *student loan servicers and any other persons who participate in*
25 *providing a student education loan, with any concerns relating to*
26 *student loan servicing.*

27 8. *Take any other actions necessary to fulfill the duties of the*
28 *Student Loan Ombudsman as set forth in this section.*

29 **Sec. 36.8.** *The Student Loan Ombudsman shall establish and*
30 *maintain an education course for student loan borrowers which*
31 *provides educational presentations and materials regarding*
32 *student education loans. The educational course must include,*
33 *without limitation, information concerning important loan terms,*
34 *documentation requirements, monthly payment obligations,*
35 *income-based repayment options, loan forgiveness and disclosure*
36 *requirements.*

37 **Sec. 36.9.** *On or before February 1 of each odd-numbered*
38 *year, the State Treasurer shall submit to the Director of the*
39 *Legislative Counsel Bureau for transmittal to the next regular*
40 *session of the Legislature a written report concerning:*

41 1. *The implementation of sections 36.1 to 36.9, inclusive, of*
42 *this act; and*

43 2. *The overall effectiveness of the Student Loan Ombudsman.*



Sec. 37. NRS 353B.350 is hereby amended to read as follows:
353B.350 1. The Trust Fund and any account established by the State Treasurer pursuant to this section must be administered by the State Treasurer.

2. The State Treasurer shall establish such accounts as he or she determines necessary to carry out his or her duties pursuant to NRS 353B.300 to 353B.370, inclusive, including, without limitation:

(a) A Program Account in the Trust Fund; and

(b) An Administrative Account and an Endowment Account in the State General Fund.

3. The Program Account must be used for the receipt, investment and disbursement of money pursuant to savings trust agreements.

4. The Administrative Account must be used for the deposit and disbursement of money to administer and market the Nevada College Savings Program and to supplement the administration and marketing of the Nevada Higher Education Prepaid Tuition Program set forth in NRS 353B.010 to 353B.190, inclusive.

5. In addition to the money transferred pursuant to NRS 353B.335, the Endowment Account must be used for the deposit of any money received by the Nevada College Savings Program that is not received pursuant to a savings trust agreement and, in the determination of the State Treasurer, is not necessary for the use of the Administrative Account. The money in the Endowment Account may be expended for any purpose related to:

(a) The funding of college savings accounts created under the Nevada College Kick Start Program established pursuant to NRS 353B.335;

(b) The Governor Guinn Millennium Scholarship Program created pursuant to NRS 396.926, including, without limitation, the costs of administering the Program, but such costs must not exceed an amount equal to 3 percent of the anticipated annual revenue to the State of Nevada from the settlement agreements with and civil actions against manufacturers of tobacco products anticipated for deposit in the Trust Fund;

(c) The administrative costs, as approved by the Legislature or the Interim Finance Committee, of activities related to the Nevada Higher Education Prepaid Tuition Program set forth in NRS 353B.010 to 353B.190, inclusive, and the Nevada College Savings Program set forth in NRS 353B.300 to 353B.370, inclusive, including the Nevada College Kick Start Program;

(d) The costs of marketing related to the Nevada Higher Education Prepaid Tuition Program set forth in NRS 353B.010 to 353B.190, inclusive, and the Nevada College Savings Program set



1 forth in NRS 353B.300 to 353B.370, inclusive, including the
2 Nevada College Kick Start Program, but such costs must not exceed
3 an amount equal to 3 percent of the money in the Endowment
4 Account that was received during the first fiscal year of the
5 immediately preceding biennium by the Nevada College Savings
6 Program, was not received pursuant to a savings trust agreement
7 and, in the determination of the State Treasurer, was not necessary
8 for the use of the Administrative Account; or

9 (e) The costs of providing programs for the financial education
10 of residents of this State, but such costs must not exceed an amount
11 equal to 3 percent of the money in the Endowment Account that was
12 received during the first fiscal year of the immediately preceding
13 biennium by the Nevada College Savings Program, was not received
14 pursuant to a savings trust agreement and, in the determination of
15 the State Treasurer, was not necessary for the use of the
16 Administrative Account.

17 *(f) The costs of carrying out the provisions of sections 36.1 to*
18 *36.9, inclusive, of this act.*

19 **Sec. 38.** The provisions of subsection 1 of NRS 218D.380 do
20 not apply to any provision of this act which adds or revises a
21 requirement to submit a report to the Legislature.

22 **Sec. 39.** This act becomes effective:

23 1. Upon passage and approval for the purpose of adopting
24 regulations and performing any other preparatory administrative
25 tasks necessary to carry out the provisions of this act; and

26 2. On January 1, 2020, for all other purposes.

