

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-0499
Prime Sponsor(s): Sen. Kerr

Date: March 9, 2015
Bill Status: Senate Education
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BILL TOPIC: PRIVATE STUDENT LOAN DISCLOSURE REQUIREMENTS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	Minimal workload increase. See State Expenditures section.	
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

The bill places restrictions on private lenders who offer education loans. The bill prohibits a lender from:

- providing gifts to an institution of higher education;
- engaging in revenue sharing in exchange for any advantage in securing loans; or
- imposing a fee or penalty on the borrower for early repayment or prepayment of the loan.

Private lenders are required to make certain clear and conspicuous disclosures to the borrower in the application for a private education loan, or in a solicitation for a private loan that does not require an application. Among other required disclosures, a private lender must include information on interest rates; terms for rate changes or adjustments; potential finance charges, late fees, or penalties; payment deferral options; and an example of the total cost of the loan over the life of the loan. The borrower that receives all specified disclosures is provided the right to accept the terms of the loan and complete the transaction at any time within 30 days following the approved application. A borrower may also cancel a private education loan without penalty at any time within 3 business days after the date on which the loan transaction is completed.

Background

The Consumer Credit Unit in the Department of Law (DOL) enforces various provisions of law related to consumer borrowing and debt. This bill amends the Colorado Uniform Consumer Credit Code, concerning consumer credit, which is included in the department's investigation and enforcement duties. The scope of these duties generally includes some oversight of lending activities and lenders operating in Colorado.

State Expenditures

The DOL may have a minimal workload increase from the bill. By enlarging the scope of the Colorado Uniform Consumer Credit Code, the DOL may have additional duties in the event of consumer complaints or lender practices that violate the bill. This fiscal note assumes that lenders will generally comply with the bill's requirements, and only a small number of complaints will require investigation or enforcement by the Consumer Credit Unit. Any workload increase for the unit can be accomplished with existing resources and no additional appropriations are required to implement the bill.

Effective Date

The bill takes effect September 1, 2015, if no referendum petition is filed.

State and Local Government Contacts

Education

Higher Education

Law

Regulatory Agencies