

OFFICE OF QUALITY PROFESSIONALS AND SPECIAL SCHOOLS
Summary of State Board of Education Agenda Items
April 17-18, 2014

OFFICE OF THE MISSISSIPPI TEACHER CENTER

30.E. Approval of changes to all loan/scholarship rules and regulations

Background Information:

The Mississippi Office of Student Financial Aid requests approval of changes to all Loan/Scholarship Rules and Regulations to update language related to the assessment and recuperation of collection agency fees and to add language for compliance with the Telephone Consumer Protection Act. State law requires the Institutions of Higher Learning (IHL) Board to promulgate Rules and Regulations for administering the loan/scholarship programs.

For the following programs, the requested changes must also be approved by the State Board of Education: Critical Needs Teacher Loan/Scholarship, Critical Needs Alternate Route Teacher Loan/Scholarship, William Winter Teacher Loan/Scholarship, and William Winter Alternate Route Teacher Loan/Scholarship.

Recommendation: Approval

Back-up material attached

Board of Trustees of State Institutions of Higher Learning

Changes to All Teacher Loan/Scholarship Program RULES AND REGULATIONS

The following change is being requested following a decision rendered by the 11th Circuit Court of Appeals in the *Bradley v. Franklin Collection Services* class action suit. The court's decision in the contract law case suggests that contract language related to collection agency fees should be specific. The following language, which appears in all state loan/scholarship Rules and Regulations and which are incorporated into the Contract and Note, should be updated as follows:

...Loan/scholarship recipients must repay the loan (principal and interest thereon... If the recipient fails to repay his/her loan (principal and interest thereon) ..., all principal and interest outstanding, together with costs of collection, shall become immediately due and payable and, demand shall be made by mailing the same to the obligor at the last address furnished by said obligor. Should payment of the sum due not be made in full within thirty (30) days, from the date demand was made, the Contract and Note executed by the obligor shall be placed with a collection agency or an attorney for collection, at which point the obligor shall become liable for reasonable collection or attorneys' fees, which may be based on a percentage of the amount of the debt, and court costs, in addition to the other sums due and owing."

The following change is being requested in order to comply with the Telephone Consumer Protection Act. Per the Federal Communications Commission, creditors such as the Board can be liable for their own actions and the actions of their collection agencies related to the use of dialing technology. Obtaining express consent from students regarding cell phone contact is critical for both liability and recovery purposes. Therefore, the following statement of authorization should be added to all state loan/scholarship Rules and Regulations for incorporation into the Contract and Notes. The recommended language was modified only slightly from the language appearing in the 2012 Perkins loan master promissory note.

AUTHORIZATION: I authorize the Mississippi Office of Student Financial Aid, the Board, and their respective agents and contractors to contact me regarding my loan request or my loan(s), including repayment of my loan(s), at the current or any future number that I provide for my cellular phone or other wireless device using automated telephone dialing equipment or artificial or pre-recorded voice or text messages.