



# COMMONWEALTH OF MASSACHUSETTS

## DIVISION OF BANKS

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May 13, 2024

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Dear Ms. Kirkpatrick:

This letter is in response to your correspondence dated July 11, 2022 to the Division of Banks (Division) on behalf of your client, Student Connections, LLC (Student Connections), in which you request an opinion that the identified activities of Student Connections do not require a student loan servicer license under Massachusetts law pursuant to M. G. L. c. 93L. Your correspondence also includes a supporting declaration from the President/CEO of Student Connections, as well as supplemental information provided on March 1, 2023.

According to your correspondence, Student Connections enters into contracts with colleges and universities to provide general counseling services to the schools' federal student loan borrowers on behalf of each school's financial aid office. Student Connections, therefore, works on behalf of colleges and universities, not on behalf of the student loan borrowers. Student Connections intends to interact with Massachusetts student loan borrowers by providing four services. These services are Default Prevention, Enrollment Outreach, Financial Education, and Debt Letters.<sup>1</sup> These services are detailed further on Student Connections' website.<sup>2</sup> The website provides the following brief description of the four Student Connections services:

- **Debt Letters:** Student Connections provides informational letters, called "debt letters", to proactively provide students that are in school with summary and detailed information of what they have borrowed, as well as what they can expect to pay in total once they enter repayment.
- **Default Prevention:** According to Student Connections, it provides various levels of default prevention services to educational institutions and their student borrowers. This may include providing institutions with its default prevention technology allowing the institution to have quick access to comprehensive loan data so that it may conduct borrower outreach directly.<sup>3</sup>

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<sup>1</sup> The Division also sought clarification regarding the relationship between Student Connections and Loan Science, LLC. Student Connections is owned by Loan Science, LLC. At the time of Student Connections' submission of its opinion request, Loan Science, LLC was not licensed as a debt collector in Massachusetts. Since that time, however, Loan Science, LLC has submitted an application for a debt collector license in Massachusetts. Your supplemental correspondence confirms that:

- Loan Science and Student Connections have different operations, clientele, regulations, and employees; and
- There is no overlap in the work each company performs.

<sup>2</sup> Student Connections maintains a website at [www.studentconnections.com](http://www.studentconnections.com). Student Connections also has a website at [www.repaymyloans.org](http://www.repaymyloans.org).

<sup>3</sup> The Default Prevention description on Student Connections' website states:

Student Connections also offers default prevention whereby institutions may outsource those activities to Student Connections and Student Connections interacts directly with borrowers through various communication channels.

- **Financial Education:** Student Connections offers financial education services through a single proprietary software offering modules that teach students “the nonacademic skills critical to overcoming barriers to success and achieving financial wellness.”
- **Enrollment Outreach:** a service assisting institutions with streamlining the process for enrollment outreach and retention efforts.

Through the above services, Student Connections interacts with both current students and former students by mailing letters, sending emails, placing phone calls, utilizing web chat, and sending text messages. Your submission indicates that the scope of Student Connections' services is limited to providing students with general information regarding loan repayment options such as income-based repayment, deferment, and forbearance. Your correspondence represents that the information Student Connections is able to provide is general in nature and not tailored to a specific borrower. Notably, your submission states that Student Connections does not engage in any of the following when providing its services:

- Requesting payments;
- Accepting payments;
- Receiving payments;
- Issuing billing statements to borrowers;
- Maintain loan records;
- Processing requests or applications for repayment, deferment, or forbearance

Borrowers who seek to submit a repayment, deferment, or forbearance application may only do so through their servicer. Your correspondence notes that in these situations, Student Connections may assist the student with contacting the servicer or provide the student with the servicer's contact information.

In addition, both your initial correspondence and March 1, 2023 supplemental correspondence confirm that Student Connections does not receive any compensation of any kind from servicers of federal student loans and does not work on behalf of federal student loan servicers. Student Connections does not have access to or maintain a student borrower's full payment or loan history. As more specifically detailed in the Declaration of Curtis Wright (Curtis Declaration), the President/CEO of Student Connections, the information accessible to Student Connections is limited to loan status and demographic information from the National Student Loan Data System (NSLDS) and the applicable federal student loan servicer.

In response to the Division's inquiry, your supplemental correspondence clarifies that Student Connections obtains certain student loan status information from federal student loan servicers. This student loan status information includes information about whether a particular student loan is in default, paid off, in a grace period, in repayment, delinquent, whether the borrower is in school, the borrower's bankruptcy status, as well as demographics for the particular student loan borrower. The Curtis Declaration and your submission further state that Student Connections does not maintain or have access to underlying student records such as a student loan application, disclosure statement, promissory note or loan agreement, or statements of account. Likewise, Student Connections does not have any information regarding loans a student borrower may have obtained while enrolled in another college or university.

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“Default Prevention Outreach: For those interested in outsourcing their default prevention efforts, Student Connections will handle everything. From portfolio analysis to borrower outreach and counseling – we've got you covered. You can decide if we work all or just some of your borrowers, and you can monitor all of our activities in real-time. We also meet with you regularly to review performance and progress towards meeting your goals.” See [Simplify Student Loan Default Prevention – Student Connections](#)

Massachusetts General Laws chapter 93L, section 2 requires that entities engaging in student loan servicing obtain a student loan servicer license from the Division. Section 1 of Chapter 93L provides that a student loan servicer is “a person responsible for servicing a student loan to a student loan borrower.” Accordingly, the question of whether the activities of Student Connections meet the definition of servicing is determinative of whether a student loan servicer license is required. Massachusetts General Laws chapter 93L, section 1 defines “servicing” as:

“(i) receiving or soliciting a scheduled periodic payment from a borrower pursuant to the terms of a student loan and making the principal, interest and other payments to the owner of the loan or other third party with respect to the amounts received from the borrower as may be required pursuant to the terms of the servicing loan document or servicing contract; (ii) maintaining account records for a loan and communicating with the borrower regarding the loan on behalf of the owner of the loan during a period in which no payment is required on the loan; or (iii) interacting with a borrower, including activities to help prevent default on obligations arising from a loan, to facilitate the activities described in clause (i) or clause (ii); provided, however, that the actions of the student loan ombudsman under section 35 of chapter 12 and the actions of the division of banks consumer assistance unit under section 3A of chapter 26 shall not constitute servicing.”

The definition of “student loan servicing” in the Division’s regulation, 209 CMR 18.00 *et seq*, is identical to the statutory definition. 209 CMR 18.02.

With respect to the first prong of the definition of “servicing”, the definition requires both soliciting/receiving student loan payments *and* the submission of such payments to the loan owner. Your correspondence, along with the accompanying Curtis Declaration, confirms that Student Connections does not receive student loan payments from students, and likewise, does not submit any student loan principal, interest or other payments to the owner of the loan because it does not receive any such payments. Indeed, in the event a student was to inquire with Student Connections about making a payment on a student loan, Student Connections would refer the student to the servicer of the student loan. Accordingly, Student Connections does not engage in “servicing” under the first prong of the definition.

Similarly, the Division must analyze whether the activities of Student Connections meet the definition of “servicing” under the second prong of the definition. The second prong requires that an entity maintain account records for a loan and communicate with the borrower regarding the loan on behalf of the owner of the loan during a period in which no payment is required. Student Connections’s submission and supplemental correspondence have stated that it does not maintain or have access to underlying student records such as a student loan application, disclosure statement, promissory note or loan agreement, or statements of account. The Division notes, however, according to the supplemental correspondence, Student Connections does, in fact, obtain information regarding student borrower loans from the NSLDS and also obtains borrower-specific loan status information from the federal servicer responsible for servicing the federal student loan. This information contains various data points, including whether a particular student loan is in default, paid off, in a grace period, in repayment, or delinquent. The information also includes the borrower’s status as a current student, bankruptcy status, and demographic information. To date, the Division has not considered whether information of the type that Student Connections receives would be considered “account records” under the second prong of the definition. However, it is clear to the Division that Student Connections does not “maintain” the information that it obtains from NSLDS and the servicer. Accordingly, Student Connections does not engage in servicing under the second prong of the definition.

The Division’s conclusion with regard to the activities of Student Connections under the third prong of the definition is determinative. The third prong requires an entity to be “interacting with a borrower, including

activities to help prevent default on obligations arising from a loan, to facilitate the activities described in clause (i) or clause (ii)” in order to be engaged in “servicing” under the law. As outlined by your submission, Student Connections interacts with borrowers in various ways, including through its default prevention services. The question is whether, in engaging in such interactions, Student Connections is “facilitat[ing] the activities described in clause (i) or clause (ii).”

The legislature, in enacting M.G.L. c. 93L, selected broad language for the third prong of the definition. As set forth in your submission materials, Student Connections interacts with student borrowers, and indeed, a portion of Student Connections’s activities are targeted toward default prevention, a category of activity expressly contemplated by the statute. With regard to the requirement that these interactions must “facilitate” the activities described in clause (i) or (ii), the Division notes that there is no limiting language included in the third prong to require that the activities be undertaken pursuant to an express direct contractual relationship with the owner of the loan or the servicer. The plain language of the third prong contemplates interaction with student loan borrowers that is outside of the scope of more traditional servicing activity.

The stated business purpose of Student Connections is to assist higher education institutions with preventing default and conducting borrower outreach to achieve repayment. Student Connections does not engage in these activities on behalf of the borrower. While Student Connections emphasizes that its outreach is “informational” in nature, its unquestionable purpose is to achieve repayment. *See* Curtis Declaration, ¶ 3.

Student Connections suggests that it cannot be deemed to be engaging in student loan servicing activity because its level of borrower-specific student loan information is limited. However, Student Connections receives a variety of borrower-specific information from the applicable student loan servicer, as detailed above. Moreover, much of Student Connections’s outreach and default prevention activity involves a major aspect of student loan servicing – interacting with borrowers and answering questions about loan repayment options such as income-based repayment, deferment, and forbearance. *See* Curtis Declaration, ¶ 4. This aspect of borrower interaction is central to a student loan servicer’s responsibility, and indeed, the Division understands that the provision of accurate information regarding these options by those not working solely on behalf of a borrower has proven to be a central concern behind the movement for student loan servicer oversight. In engaging in these activities, on behalf of a party other than the borrower with the stated goal of repayment, Student Connections is unquestionably facilitating the receipt of student loan payments by the student borrower’s servicer. The foregoing, coupled with the broad language utilized by the legislature in the third prong of the “servicing” definition, leads to the conclusion that the legislature intended to include the activities of Student Connections within the licensure requirement. Accordingly, it is the position of the Division that Student Connections is required to be licensed as a student loan servicer pursuant to M.G.L. c. 93L.

The conclusions reached in this letter are based solely on the facts presented. Fact patterns which vary from those stated above may result in a different position statement by the Division.

Sincerely,

Barbara Keefe  
Deputy Commissioner of Banks  
and General Counsel