

118TH CONGRESS  
1ST SESSION

# H. R. 1371

To improve Federal student loan disclosures, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 3, 2023

Ms. SPANBERGER (for herself, Mr. WALTZ, Mrs. CHAVEZ-DEREMÉR, Mr. JOHNSON of Ohio, Ms. SCHRIER, and Mr. STANTON) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To improve Federal student loan disclosures, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Student Loan Dislo-  
5 sure Transparency Act of 2023”.

6 **SEC. 2. REQUIRED DISCLOSURES BEFORE DISBURSEMENT.**

7 Section 433(a) of the Higher Education Act of 1965  
8 (20 U.S.C. 1083(a)) is amended—

9 (1) by striking “and” at the end of paragraph

10 (18);

1           (2) by striking the period and inserting “; and”  
2           at the end of paragraph (19); and

3           (3) by adding at the end the following new  
4           paragraph:

5           “(20) a separate written or electronic state-  
6           ment, in simple and understandable terms, show-  
7           ing—

8                   “(A) for the loan or loans being dis-  
9                   bursed—

10                           “(i) the principal amount of the loan,  
11                           the stated interest rate on the loan, the  
12                           number of required monthly payments to  
13                           be made on the loan (which shall be based  
14                           on a standard repayment plan or, in the  
15                           case of a borrower who has selected an-  
16                           other repayment plan, on the repayment  
17                           plan selected by the borrower), and the es-  
18                           timated number of months before the start  
19                           of the repayment period for the loan  
20                           (based on the expected date on which the  
21                           repayment period is to begin or the  
22                           deferment period under 428B(d)(1) is to  
23                           end, as applicable);

24                           “(ii) the estimated balance to be owed  
25                           by the borrower on such loan (including, if

1 applicable, the estimated amount of inter-  
2 est to be capitalized) as of the scheduled  
3 date on which the repayment period is to  
4 begin or the deferment period under  
5 428B(d)(1) is to end, as applicable, and an  
6 estimate of the projected monthly payment;  
7 and

8 “(iii) an estimate of the aggregate  
9 amount the borrower will pay for the loan  
10 or loans, including the total amount of  
11 monthly payments made over the life of  
12 the loan plus the amount of any charges  
13 for the loan, such as an origination fee;

14 “(B) for each other loan owed by the bor-  
15 rower to the lender, the information described  
16 in clauses (i) through (iii) of subparagraph (A);  
17 and

18 “(C) an estimate of the total cumulative  
19 amount the borrower will pay for all loans owed  
20 by the borrower to that lender, including the  
21 loan being disbursed, as determined by calcu-  
22 lating the sum of the estimated aggregate  
23 amounts the borrower will pay for each loan in  
24 accordance with subparagraphs (A) and (B).”.

1 **SEC. 3. DISCLOSURE OF PROJECTED MONTHLY PAYMENT**  
2 **AMOUNTS.**

3 Section 433 of the Higher Education Act of 1965 (20  
4 U.S.C. 1083) is further amended—

5 (1) in subsection (b), by amending paragraph  
6 (9) to read as follows:

7 “(9) information of interest charges, accrual,  
8 and payments, including—

9 “(A) the projected total of interest charges  
10 which the borrower will pay on the loan or  
11 loans, assuming that the borrower makes pay-  
12 ments exactly in accordance with the repayment  
13 schedule;

14 “(B) projections of the borrower’s monthly  
15 repayment amount, assuming interest accrual  
16 resulting from capitalization of interest while  
17 the borrower, or the student on whose behalf  
18 the loan is made, is in school (as applicable),  
19 which shall disclose the cost to the borrower  
20 of—

21 “(i) capitalizing the interest; and

22 “(ii) paying the interest as the inter-  
23 est accrues; and

24 “(C) if the borrower has already paid in-  
25 terest on the loan or loans, the amount of inter-  
26 est paid;” and

1           (2) by striking subsection (d), and redesignig-  
2           nating subsections (e) and (f) as subsections (d) and  
3           (e), respectively.

4 **SEC. 4. REQUIRED MONTHLY DISCLOSURES.**

5           Section 433(d) of the Higher Education Act of 1965,  
6 as so redesignated by section 3 of this Act, is amended—

7           (1) in the subsection header, by striking “DUR-  
8           ING REPAYMENT” and inserting “FOR THE LIFE OF  
9           THE LOAN”; and

10          (2) by amending paragraph (1) to read as fol-  
11          lows:

12                 “(1) PERTINENT INFORMATION ABOUT LOANS  
13                 PROVIDED ON A MONTHLY BASIS.—Each eligible  
14                 lender shall provide the borrower of one or more  
15                 loans made, insured, or guaranteed under this part  
16                 or part D with a written monthly bill or statement  
17                 (including through electronic means), in simple and  
18                 understandable terms, of pertinent loan information  
19                 described in this paragraph that—

20                         “(A) with respect to a borrower who is in  
21                         repayment status, shall include a bill that cor-  
22                         responds to each payment installment time pe-  
23                         riod in which a payment is due;

24                         “(B) with respect to a borrower who is not  
25                         in repayment status, shall be a statement for

1 each month of the period during which the bor-  
2 rower is not required to make a payment to the  
3 eligible lender, including while the borrower is  
4 in school and during periods of deferment or  
5 forbearance;

6 “(C) shall be provided to the borrower of  
7 a loan not more than 30 days after the first  
8 disbursement of the loan, and monthly there-  
9 after for the life of the loan; and

10 “(D) shall include, for all outstanding  
11 loans made, insured, or guaranteed under this  
12 part or part D by the eligible lender to the bor-  
13 rower—

14 “(i) the original principal amount of  
15 each of the borrower’s loans owed to that  
16 lender, and the original principal amount  
17 of those loans in the aggregate;

18 “(ii) the borrower’s current balance  
19 on each loan and on all loans in the aggre-  
20 gate, as of the time of the bill or state-  
21 ment, as applicable;

22 “(iii) the interest rate on each loan;

23 “(iv) the total amount the borrower  
24 has paid in interest on each loan and on  
25 all loans in the aggregate;

1           “(v) the amount of interest that has  
2 accumulated on each loan and on all loans  
3 in the aggregate since the last statement,  
4 and the total interest accrued to date on  
5 each loan and on all loans in the aggregate  
6 during the life of the loans;

7           “(vi) the aggregate amount the bor-  
8 rower has paid for each loan and all loans  
9 in the aggregate, including the amount the  
10 borrower has paid in interest, the amount  
11 the borrower has paid in fees, and the  
12 amount the borrower has paid against the  
13 principal;

14           “(vii) an estimate of the aggregate  
15 amount the borrower will pay during the  
16 life of the loan for each loan and on all  
17 loans in the aggregate, including the total  
18 amount of monthly payments made over  
19 the life of the loans plus the amount of any  
20 charges for the loans, such as origination  
21 fees;

22           “(viii) a description of each fee the  
23 borrower has been charged for the most re-  
24 cently preceding installment time period;

1           “(ix) the date by which the borrower  
2 needs to make a payment in order to avoid  
3 additional fees and the amount of such  
4 payment and the amount of such fees;

5           “(x) with respect to a borrower who is  
6 not in repayment, the estimated balance to  
7 be owed by the borrower on each loan and  
8 on all loans in the aggregate, and an esti-  
9 mate of the projected monthly payment on  
10 each loan and on all loans in the aggre-  
11 gate, on the estimated date the borrower  
12 will enter (or re-enter) repayment status;

13           “(xi) a reminder that the borrower  
14 has the option to change repayment plans,  
15 a list of the names of the repayment plans  
16 available to the borrower, a link to the ap-  
17 propriate page of the Department’s website  
18 to obtain a more detailed description of the  
19 repayment plans, and directions for the  
20 borrower to request a change in repayment  
21 plan;

22           “(xii) an explanation—

23           “(I) that the borrower has the  
24 option to pay the interest that accrues  
25 on each loan while the borrower is a



1 student at an institution of higher  
2 education or during a period of  
3 deferment or forbearance, if applica-  
4 ble; and

5 “(II) if the borrower does not  
6 pay such interest while attending an  
7 institution or during a period of  
8 deferment or forbearance, any accu-  
9 mulated interest on the loan will be  
10 capitalized when the loan goes into re-  
11 payment, resulting in more interest  
12 being paid over the life of the loan;

13 “(xiii) an explanation that making  
14 even small payments of any amount while  
15 the borrower is a student at an institution  
16 of higher education, or during a period of  
17 deferment or forbearance, if applicable, can  
18 help to offset interest accrual over the life  
19 of the loan;

20 “(xiv) the lender’s or loan servicer’s  
21 address, toll-free phone number, and  
22 website for payment and billing error pur-  
23 poses, including information about how a  
24 borrower can make voluntary payments

1           when a loan is not in repayment status;  
2           and

3                   “(xv) an explanation to borrowers  
4           that loans made under this part of part D  
5           have significant protections for borrowers  
6           that aren’t offered by the private market,  
7           including a number of income-driven re-  
8           payment options, which offer flexible re-  
9           payments terms and loan forgiveness for  
10          struggling borrowers.”.

11 **SEC. 5. REPORT TO CONGRESS ON CONSUMER TESTING.**

12          Not later than 24 months after the date of enactment  
13 of this Act, the Secretary shall—

14               (1) conduct consumer testing by obtaining feed-  
15          back from individuals, including borrowers and pro-  
16          spective borrowers of loans under the Higher Edu-  
17          cation Act of 1965, on the usefulness and effective-  
18          ness of disclosing monthly terms of loans under sec-  
19          tion 433 of the Higher Education Act of 1965, as  
20          amended by this Act, to maximize borrowers’ under-  
21          standing of the terms and conditions of such loans;  
22          and

23               (2) submit to Congress a report on the results  
24          of such consumer testing.

1 **SEC. 6. EFFECTIVE DATE.**

2       The amendments made by this Act to the Higher  
3 Education Act of 1965 shall take effect 180 days after  
4 the date of enactment of this Act.

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