

115TH CONGRESS  
1ST SESSION

# H. R. 3630

To establish student loan borrowers' rights to basic consumer protections, reasonable and flexible repayment options, access to earned credentials, and effective loan cancellation in exchange for public service, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 28, 2017

Ms. WILSON of Florida introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committees on Ways and Means, the Judiciary, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To establish student loan borrowers' rights to basic consumer protections, reasonable and flexible repayment options, access to earned credentials, and effective loan cancellation in exchange for public service, 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 Bor-  
5 rowers' Bill of Rights Act of 2017".

1 **TITLE I—BORROWERS’ RIGHT TO**  
2 **BASIC CONSUMER PROTEC-**  
3 **TIONS**

4 **SEC. 101. DISCHARGEABILITY OF STUDENT LOANS IN**  
5 **BANKRUPTCY CASES.**

6 Section 523(a) of title 11 of the United States Code  
7 is amended—

8 (1) by striking paragraph (8); and

9 (2) by redesignating paragraphs (9) through  
10 (19) as paragraphs (8) through (18).

11 **SEC. 102. REINSTATEMENT OF THE 6-YEAR STATUTE OF**  
12 **LIMITATIONS FOR STUDENT LOANS.**

13 Subsection (a) of section 484A of the Higher Edu-  
14 cation Act of 1965 (20 U.S.C. 1091a(a)) is amended to  
15 read as follows:

16 “(a) STATUTE OF LIMITATIONS.—Notwithstanding  
17 any Federal or State statutory, regulatory, or administra-  
18 tive limitation on the period within which debts may be  
19 enforced—

20 “(1) an institution that receives funds under  
21 this title may file a suit or initiate or take another  
22 action for collection of a refund due from a student  
23 on a grant made, or work assistance awarded, under  
24 this title, during the 6-year period beginning on the  
25 day after the refund first became due (exclusive of

1 the period during which the State statute of limita-  
2 tions otherwise applicable to a suit under this para-  
3 graph would be tolled under State law);

4 “(2) a guaranty agency that has an agreement  
5 with the Secretary under section 428(c) may file a  
6 suit or initiate or take another action for collection  
7 of the amount due from a borrower on a loan made  
8 under part B during the 6-year period beginning on  
9 the day after such guaranty agency reimburses the  
10 previous holder of the loan for its loss on account of  
11 the default of the borrower (exclusive of the period  
12 during which the State statute of limitations other-  
13 wise applicable to a suit under this paragraph would  
14 be tolled under State law);

15 “(3) an institution that has an agreement with  
16 the Secretary pursuant to section 487 may file a suit  
17 or initiate or take another action for collection of the  
18 amount due from a borrower on a loan made under  
19 part D or E after the default of the borrower on  
20 such loan during the 6-year period beginning on the  
21 day after the date of the default of the borrower  
22 with respect to such amount (exclusive of the period  
23 during which the State statute of limitations other-  
24 wise applicable to a suit under this paragraph would  
25 be tolled under State law); or

1           “(4) the Secretary, the Attorney General, or the  
2           administrative head of another Federal agency, as  
3           the case may be, may file a suit or initiate or take  
4           another action for collection of a refund due from a  
5           student on a grant made under this title, or for the  
6           repayment of the amount due from a borrower on a  
7           loan made under this title that has been assigned to  
8           the Secretary under this title, during the 6-year pe-  
9           riod beginning on the day after the refund or the  
10          amount first became due.”.

11 **SEC. 103. PROHIBITION OF COLLECTION OF STUDENT**  
12                           **LOANS THROUGH CERTAIN OFFSETS OR**  
13                           **THROUGH WAGE GARNISHMENT.**

14           (a) PROHIBITION ON OFFSET OF SOCIAL SECURITY  
15 BENEFITS.—Section 3716(c)(3)(A) of title 31, United  
16 States Code, is amended—

17           (1) in clause (i), by striking “except as provided  
18           in clause (ii)” and inserting “except as provided in  
19           clauses (ii) and (iii)”; and

20           (2) by adding at the end the following new  
21           clause:

22           “(iii) Notwithstanding clause (i), any payments due  
23 to an individual under Federal benefits programs cited  
24 under clause (i) shall not be subject to offset under this  
25 subsection if the offset is for payments certified by the

1 Department of Education under a program administered  
2 by the Secretary of Education under title IV of the Higher  
3 Education Act of 1965 (20 U.S.C. 1070 et seq.).”.

4 (b) PROHIBITION ON OFFSET OF TAX REFUND.—  
5 Section 3720A(a) of title 31, United States Code, is  
6 amended—

7 (1) by striking “Any Federal agency” and in-  
8 serting “(1) Except as provided in paragraph (2),  
9 any Federal agency”; and

10 (2) by adding at the end the following new  
11 paragraph:

12 “(2) Any past-due legally enforceable debt owed by  
13 an individual to the Department of Education under a  
14 program administered by the Secretary of Education  
15 under title IV of the Higher Education Act of 1965 (20  
16 U.S.C. 1070 et seq.) shall not be subject to notification  
17 under paragraph (1), and any refund of Federal taxes  
18 paid by the individual shall not be subject to reduction  
19 under subsection (c) for such debt.”.

20 (c) PROHIBITION ON WAGE GARNISHMENT.—Section  
21 3720D(a) of title 31, United States Code, is amended—

22 (1) by striking “Notwithstanding” and insert-  
23 ing: “(1) Except as provided in paragraph (2) and  
24 notwithstanding”; and

1           (2) by adding at the end the following new  
2 paragraph:

3           “(2) Any delinquent nontax debt owed by an indi-  
4 vidual to the Department of Education under a program  
5 administered by the Secretary of Education under title IV  
6 of the Higher Education Act of 1965 (20 U.S.C. 1070  
7 et seq.) shall not be subject to collection under this section  
8 through garnishment of disposable pay of the individual.”.

9           **TITLE II—BORROWER’S RIGHT**  
10           **TO REASONABLE AND FLEXI-**  
11           **BLE REPAYMENT OPTIONS**

12           **SEC. 201. EXCLUSION FROM GROSS INCOME FOR DIS-**  
13           **CHARGE OF STUDENT LOAN INDEBTEDNESS.**

14           (a) IN GENERAL.—Section 108(f)(1) of the Internal  
15 Revenue Code of 1986 is amended by striking “if such  
16 discharge” and all that follows and inserting a period.

17           (b) STUDENT LOANS.—Section 108(f)(2) of such  
18 Code is amended by striking “made by—” and all that  
19 follows and inserting the following: “. Such term includes  
20 indebtedness used to refinance indebtedness which quali-  
21 fies as a student loan under the preceding sentence.”.

22           (c) CONFORMING AMENDMENTS.—Section 108(f) of  
23 such Code is amended by striking paragraphs (3) and (4).

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to discharges of indebtedness after  
3 the date of the enactment of this Act.

4 **SEC. 202. 529 PLAN DISTRIBUTION FOR STUDENT LOAN**  
5 **PAYMENTS.**

6 (a) IN GENERAL.—Section 529(e)(3)(A) is amended  
7 by striking clause (iii) and inserting the following new  
8 clause:

9 “(iii) interest or principal paid with  
10 respect to a qualified education loan (as  
11 defined in section 221) with respect to a  
12 designated beneficiary.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 529(e)(3)(A) of such Code is  
15 amended by striking the second sentence.

16 (2) Section 72(t)(7)(A) of such Code is amend-  
17 ed by inserting “determined without regard to sub-  
18 paragraph (A)(iii) thereof” after “section  
19 529(e)(3)”.

20 (3) Section 530(b)(2)(A)(i) of such Code is  
21 amended by inserting “determined without regard to  
22 subparagraph (A)(iii) thereof” after “section  
23 529(e)(3)”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to distributions made after the  
3 date of the enactment of this Act.

4 **SEC. 203. INCLUSION OF PARENT PLUS LOANS IN REPAY-**  
5 **MENT PROGRAMS.**

6 (a) INCOME CONTINGENT REPAYMENT PLAN.—Sec-  
7 tion 455(d)(1)(D) of the Higher Education Act of 1965  
8 (20 U.S.C. 1087e(d)(1)(D)) is amended by striking “, ex-  
9 cept that the plan described in this subparagraph shall  
10 not be available to the borrower of a Federal Direct PLUS  
11 loan made on behalf of a dependent student;”.

12 (b) INCOME-BASED REPAYMENT.—

13 (1) PART B LOANS.—

14 (A) REPAYMENT PLANS.—Section  
15 428(b)(9)(A)(v) of the Higher Education Act of  
16 1965 (20 U.S.C. 1078(b)(9)(A)(v)) is amended  
17 by striking “, except that the plan described in  
18 this clause shall not be available to a borrower  
19 for a loan under section 428B made on behalf  
20 of a dependent student or for a consolidation  
21 loan under section 428C, if the proceeds of such  
22 loan were used to discharge the liability of a  
23 loan under section 428B made on behalf of a  
24 dependent student”.



1 (B) CONSOLIDATION LOANS.—Section  
2 428C(e)(3)(C) of such Act (20 U.S.C. 1078–  
3 3(e)(3)(C)) is amended—

4 (i) in subparagraph (A), by inserting  
5 “and” at the end;

6 (ii) in subparagraph (B), by striking  
7 “and” at the end and inserting a period;  
8 and

9 (iii) by striking subparagraph (C).

10 (2) PART D LOANS.—Section 455(d)(1)(E) of  
11 such Act (20 U.S.C. 1087e(d)(1)(D)) is amended by  
12 striking “, except that the plan described in this  
13 subparagraph shall not be available to the borrower  
14 of a Federal Direct PLUS Loan made on behalf of  
15 a dependent student or a Federal Direct Consolida-  
16 tion Loan, if the proceeds of such loan were used to  
17 discharge the liability on such Federal Direct PLUS  
18 Loan or a loan under section 428B made on behalf  
19 of a dependent student”.

20 (3) IBR.—Section 493C of such Act (20 U.S.C.  
21 1098e) is amended—

22 (A) in subsection (a)—

23 (i) by striking “this section” and all  
24 that follows through “hardship” and in-

1           serting “In this section, the term ‘partial  
2           financial hardship’”; and

3                   (ii) by striking, “(other than an ex-  
4           cepted PLUS loan or excepted consolida-  
5           tion loan)”;

6           (B) in subsection (b)—

7                   (i) in paragraph (1), by striking  
8           “(other than an excepted PLUS loan or  
9           excepted consolidation loan)”;

10                   (ii) in paragraph (6)(A), by striking  
11           “(other than an excepted PLUS loan or  
12           excepted consolidation loan)”;

13                   (iii) in paragraph (7), by striking  
14           “other than a loan under section 428B or  
15           a Federal Direct PLUS Loan”; and

16           (C) in subsection (c), by striking “(other  
17           than an excepted PLUS loan or excepted con-  
18           solidation loan),”.

19           (c) LOAN FORGIVENESS FOR SERVICE IN AREAS OF  
20           NATIONAL NEED.—Section 428K(a)(2) of such Act (20  
21           U.S.C. 1078–11(a)(2)) is amended—

22                   (1) in subparagraph (A), by striking “(other  
23           than an excepted PLUS loan or an excepted consoli-  
24           dation loan (as such terms are defined in section  
25           493C(a))”;

1           (2) in subparagraph (B), by striking “(other  
2           than an excepted PLUS loan or an excepted consoli-  
3           dation loan)”.

4           (d) OTHER REPAYMENT PLANS.—Any plan for the  
5           repayment of loans made under title IV of the Higher  
6           Education Act of 1965 (20 U.S.C. 1070 et seq.), which  
7           is finalized by the Secretary of Education on or after the  
8           date of enactment of this Act, shall include the repayment  
9           of a loan under section 428B of the Higher Education  
10          Act of 1965, or a Federal Direct PLUS Loan under part  
11          D of title IV of such Act, that is made, insured, or guaran-  
12          teed on behalf of a dependent student.

13   **SEC. 204. DETERMINATION OF ADVERSE CREDIT HISTORY.**

14          Section 428B(a) of the Higher Education Act of  
15          1965 (20 U.S.C. 1078–2(a)) is amended in paragraph  
16          (1)(A), by striking “regulations promulgated by the Sec-  
17          retary” and inserting “section 685.200(c) of title 34, Code  
18          of Federal Regulations (as in effect on September 30,  
19          2011)”.

20   **TITLE III—BORROWERS’ RIGHT**  
21   **TO A MEANINGFUL DEGREE**

22   **SEC. 301. PROHIBITION ON SUSPENSIONS OF PROFES-**  
23   **SIONAL LICENSES FOR LOAN DEFAULT.**

24          No evidence of an individual’s default on the repay-  
25          ment of a loan made, insured, or guaranteed under title

1 IV of the Higher Education Act of 1965 (20 U.S.C. 1070  
2 et seq.) may be admitted into evidence in a Federal or  
3 State proceeding involving the individual's professional or  
4 vocational license.

5 **SEC. 302. PROHIBITION ON LOSS OF ACCESS TO TRAN-**  
6 **SCRIPTS FOR LOAN DEFAULT.**

7 Section 487(a) of the Higher Education Act of 1965  
8 (20 U.S.C. 1094(a)) (as amended by section 301) is fur-  
9 ther amended by adding at the end the following new para-  
10 graph:

11 “(30)(A) The institution will not prohibit a stu-  
12 dent from accessing the student's transcripts, degree  
13 scrolls, or other certifications of coursework or edu-  
14 cational attainments at the institution because the  
15 student is in default on the repayment of a loan  
16 made, insured, or guaranteed under this title.

17 “(B) For purposes of this paragraph, the term  
18 ‘student’ includes former students.”.

1 **TITLE IV—RIGHT TO EFFECTIVE**  
2 **LOAN CANCELLATION FOR**  
3 **BORROWERS ENGAGED IN**  
4 **PUBLIC SERVICE CAREERS**

5 **SEC. 401. EXTENSION OF LOAN CANCELLATION FOR BOR-**  
6 **ROWERS EMPLOYED IN PUBLIC SERVICE**  
7 **JOBS FOR 5 YEARS.**

8 Section 455(m) of the Higher Education Act of 1965  
9 (20 U.S.C. 1087e) is amended by adding at the end the  
10 following new paragraph:

11 “(5) LOAN CANCELLATION AFTER 5 YEARS.—

12 The Secretary shall also cancel 50 percent of the  
13 balance of interest and principal due on any eligible  
14 Federal Direct Loan not in default for borrowers  
15 employed in a public service job for 5 years during  
16 the repayment of such loans—

17 “(A) by applying paragraph (1)(A)—

18 “(i) by substituting ‘60’ for ‘120’ each  
19 place it appears; and

20 “(ii) by substituting ‘October 1, 2007’  
21 for ‘October 1, 2017’; and

22 “(B) by applying paragraph (2), by sub-  
23 stituting ‘50 percent of the balance’ with ‘the  
24 balance’.”.

○