

116TH CONGRESS
1ST SESSION

H. R. 5294

To amend the Truth in Lending Act to establish a postsecondary education loan borrower bill of rights and to require certain creditors to obtain private loan certifications from institutions of higher education, to amend the Fair Credit Reporting Act to require the Bureau of Consumer Financial Protection to issue rules to establish standards for reporting information related to student loans to consumer reporting agencies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 4, 2019

Ms. ADAMS introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Education and Labor, 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

A BILL

To amend the Truth in Lending Act to establish a postsecondary education loan borrower bill of rights and to require certain creditors to obtain private loan certifications from institutions of higher education, to amend the Fair Credit Reporting Act to require the Bureau of Consumer Financial Protection to issue rules to establish standards for reporting information related to student loans to consumer reporting agencies, 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 Borrower Pro-
 5 tections Act of 2019”.

6 **SEC. 2. POSTSECONDARY EDUCATION LOAN BORROWER**

7 **BILL OF RIGHTS.**

8 Chapter 2 of the Truth in Lending Act (15 U.S.C.
 9 1631 et seq.) is amended—

10 (1) by redesignating section 140A as section
 11 140B;

12 (2) by inserting after section 140 the following:

13 **“§ 140A. Postsecondary education loan borrower bill**
 14 **of rights**

15 “(a) DEFINITIONS.—In this paragraph:

16 “(1) BORROWER.—The term ‘borrower’ means
 17 the person to whom a postsecondary education loan
 18 is extended.

19 “(2) CHARGE OFF.—The term ‘charge off’
 20 means charge to profit and loss, or subject to any
 21 similar action.

22 “(3) COVERED LENDER, SERVICER, OR AS-
 23 SIGNEE.—The term ‘covered lender, servicer, or as-
 24 signee’ means—

1 “(A) an eligible lender (as defined under
2 section 435 of the Higher Education Act of
3 1965) of a loan made, insured, or guaranteed
4 under part B of title IV of the Higher Edu-
5 cation Act of 1965;

6 “(B) any entity with which the Secretary
7 of Education enters into a contract under sec-
8 tion 456 of the Higher Education Act of 1965
9 for origination, servicing, or collection described
10 in subsection (b) of such section 456 and is en-
11 gaged in the provision of, or offering, servicing,
12 or collections regardless of whether the Sec-
13 retary identifies the entity as a ‘servicer’ in
14 such contract;

15 “(C) a private educational lender (as de-
16 fined under section 140(a));

17 “(D) any other person or entity engaged in
18 the business of securing, making, or extending
19 postsecondary education loans on behalf of a
20 person or entity described in subparagraph (A)
21 or (C); or

22 “(E) any other holder of a postsecondary
23 education loan other than the Secretary of Edu-
24 cation.

1 “(4) POSTSECONDARY EDUCATION LOAN.—The
2 term ‘postsecondary education loan’ means—

3 “(A) a private education loan (as defined
4 under section 140(a)); or

5 “(B) a loan made, insured, or guaranteed
6 under title IV of the Higher Education Act of
7 1965.

8 “(5) QUALIFIED WRITTEN REQUEST.—

9 “(A) IN GENERAL.—The term ‘qualified
10 written request’ means a written correspond-
11 ence of a borrower (other than notice on a pay-
12 ment medium supplied by the postsecondary
13 educational lender or servicer) transmitted by
14 mail, facsimile, or electronically through an
15 email address or website designated by the cov-
16 ered lender, servicer, or assignee to receive com-
17 munications from borrowers that—

18 “(i) includes, or otherwise enables the
19 covered lender, servicer, or assignee to
20 identify, the name and account of the bor-
21 rower; and

22 “(ii) includes, to the extent applica-
23 ble—

1 “(I) sufficient detail regarding
2 the information sought by the bor-
3 rower; or

4 “(II) a statement of the reasons
5 for the belief of the borrower that
6 there is an error regarding the ac-
7 count of the borrower.

8 “(B) CORRESPONDENCE DELIVERED TO
9 OTHER ADDRESSES.—

10 “(i) IN GENERAL.—A written cor-
11 respondence of a borrower is a qualified
12 written request if the written correspond-
13 ence is transmitted to and received by a
14 covered lender, servicer, or assignee at a
15 mailing address, facsimile number, email
16 address, or website address other than the
17 address or number designated by that cov-
18 ered lender, servicer, or assignee r to re-
19 ceive communications from borrowers but
20 the written correspondence meets the re-
21 quirements under clauses (i) and (ii) of
22 subparagraph (A).

23 “(ii) DUTY TO TRANSFER.—A covered
24 lender, servicer, or assignee shall, within a
25 reasonable period of time, transfer a writ-

1 ten correspondence of a borrower received
2 by the covered lender, servicer, or assignee
3 at a mailing address, facsimile number,
4 email address, or website address other
5 than the address or number designated by
6 that covered lender, servicer, or assignee to
7 receive communications from borrowers to
8 the correct address or appropriate office or
9 other unit of the covered lender, servicer,
10 or assignee.

11 “(iii) DATE OF RECEIPT.—A written
12 correspondence of a borrower transferred
13 in accordance with clause (i) shall be
14 deemed to be received by the covered lend-
15 er, servicer, or assignee on the date on
16 which the written correspondence is trans-
17 ferred to the correct address or appro-
18 priate office or other unit of the covered
19 lender, servicer, or assignee.

20 “(6) SERVICING.—The term ‘servicing’ means
21 one or more of the following:

22 “(A) Receiving any scheduled periodic pay-
23 ments from a borrower or notification of such
24 payments pursuant to the terms of a postsec-

1 ondary education loan or contract governing the
2 servicing.

3 “(B) Applying payments to the borrower’s
4 account pursuant to the terms of the postsec-
5 ondary education loan or the contract governing
6 the servicing.

7 “(C) Maintaining account records for a
8 postsecondary education loan.

9 “(D) Communicating with a borrower re-
10 garding a postsecondary education loan on be-
11 half of the covered lender, servicer, or assignee.

12 “(E) Interactions with a borrower, includ-
13 ing activities to help prevent default on obliga-
14 tions arising from postsecondary education
15 loans, conducted to facilitate the activities de-
16 scribed in subparagraph (A) or (B).

17 “(b) SALE, TRANSFER, OR ASSIGNMENT.—If the
18 sale, other transfer, assignment, or transfer of servicing
19 obligations of a postsecondary education loan results in
20 a change in the identity of the party to whom the borrower
21 must send subsequent payments or direct any communica-
22 tions concerning the loan—

23 “(1) the transferor shall—

24 “(A) notify the borrower, in writing, in
25 simple and understandable terms, not fewer

1 than 45 days before transferring a legally en-
2 forceable right to receive payment from the bor-
3 rower on such loan, of—

4 “(i) the sale or other transfer, assign-
5 ment, or transfer of servicing obligations;

6 “(ii) the identity of the transferee;

7 “(iii) the name, address, and email
8 address of the party to whom subsequent
9 payments or communications must be sent;

10 “(iv) the telephone numbers and
11 websites of both the transferor and the
12 transferee;

13 “(v) the effective date of the sale,
14 transfer, or assignment;

15 “(vi) the date on which the transferor
16 will stop accepting payment; and

17 “(vii) the date on which the transferee
18 will begin accepting payment;

19 “(B) forward any payment from a bor-
20 rower with respect to such postsecondary edu-
21 cation loan to the transferee, immediately upon
22 receiving such payment, during the 60-day pe-
23 riod beginning on the date on which the trans-
24 feror stops accepting payment of such postsec-
25 ondary education loan;

1 “(C) provide to the transferee all borrower
2 information and complete payment history in-
3 formation for any such postsecondary education
4 loans; and

5 “(2) the transferee shall—

6 “(A) notify the borrower, in writing, in
7 simple and understandable terms, not fewer
8 than 45 days before acquiring a legally enforce-
9 able right to receive payment from the borrower
10 on such loan, of—

11 “(i) the sale or other transfer, assign-
12 ment, or transfer of servicing obligations;

13 “(ii) the identity of the transferor;

14 “(iii) the name, address, and email
15 address of the party to whom subsequent
16 payments or communications must be sent;

17 “(iv) the telephone numbers and
18 websites of both the transferor and the
19 transferee;

20 “(v) the effective date of the sale,
21 transfer, assignment, or transfer of serv-
22 icing obligations;

23 “(vi) the date on which the transferor
24 will stop accepting payment; and

1 “(vii) the date on which the transferee
2 will begin accepting payment;

3 “(B) accept as on-time and may not im-
4 pose any late fee or finance charge for any pay-
5 ment from a borrower with respect to such
6 postsecondary education loan that is forwarded
7 from the transferor during the 90-day period
8 beginning on the date on which the transferor
9 stops accepting payment, if the transferor re-
10 ceives such payment on or before the applicable
11 due date, including any grace period;

12 “(C) provide borrowers a simple, online
13 process for transferring existing electronic fund
14 transfer authority; and

15 “(D) honor any promotion or benefit avail-
16 able or granted to the borrower or advertised by
17 the previous owner or transferor of such post-
18 secondary education loan.

19 “(c) MATERIAL CHANGE IN MAILING ADDRESS OR
20 PROCEDURE FOR HANDLING PAYMENTS.—

21 “(1) IN GENERAL.—If a covered lender,
22 servicer, or assignee makes a change in the mailing
23 address, office, or procedures for handling payments
24 with respect to any postsecondary education loan,
25 the covered lender, servicer, or assignee shall clearly

1 and conspicuously notify the borrower in writing and
2 through the borrower's preferred or designated
3 method of communication not less than 45 calendar
4 days in advance of such change.

5 “(2) BORROWER PROTECTION WINDOW.—If a
6 change described in paragraph (1) causes a delay in
7 the crediting of the account of the borrower made
8 during the 90-day period following the date on which
9 such change took effect, the covered lender, servicer,
10 or assignee may not impose on the borrower any
11 negative consequences, including negative credit re-
12 porting, lost eligibility in borrower benefits, late fees,
13 interest capitalization, or other financial injury.

14 “(3) LOAN FORGIVENESS PROGRAMS.—For pur-
15 poses of any public or private loan forgiveness pro-
16 gram that applies to a postsecondary education loan,
17 such program shall not be tolled during the 90-day
18 period following the date on which a change de-
19 scribed under paragraph (1) takes effect.

20 “(d) INTEREST RATE AND TERM CHANGES FOR CER-
21 TAIN POSTSECONDARY EDUCATION LOANS.—

22 “(1) NOTIFICATION REQUIREMENTS.—

23 “(A) IN GENERAL.—Except as provided in
24 paragraph (3), a covered lender, servicer, or as-
25 signee shall provide written notice to a borrower

1 of any material change in the terms of the post-
2 secondary education loan, including an increase
3 in the interest rate, not later than 45 days be-
4 fore the effective date of the change or increase.

5 “(B) MATERIAL CHANGES IN TERMS.—The
6 Bureau shall, by regulation, establish guidelines
7 for determining which changes in terms are ma-
8 terial under subparagraph (A).

9 “(2) LIMITS ON INTEREST RATE AND FEE IN-
10 CREASES APPLICABLE TO OUTSTANDING BAL-
11 ANCE.—Except as provided in paragraph (3), a cov-
12 ered lender, servicer, or assignee may not increase
13 the interest rate or other fee applicable to an out-
14 standing balance on a postsecondary education loan.

15 “(3) EXCEPTIONS.—The requirements under
16 paragraphs (1) and (2) shall not apply to—

17 “(A) an increase based on an applicable
18 variable interest rate incorporated in the terms
19 of a postsecondary education loan that provides
20 for changes in the interest rate according to op-
21 eration of an index that is not under the control
22 of the covered lender, servicer, or assignee and
23 is published for viewing by the general public;

24 “(B) an increase in interest rate due to the
25 completion of a workout or temporary hardship

1 arrangement by the borrower or the failure of
2 the borrower to comply with the terms of a
3 workout or temporary hardship arrangement
4 if—

5 “(i) the interest rate applicable to a
6 category of transactions following any such
7 increase does not exceed the rate or fee
8 that applied to that category of trans-
9 actions prior to commencement of the
10 workout or temporary hardship arrange-
11 ment; and

12 “(ii) the covered lender, servicer, or
13 assignee has provided the borrower, prior
14 to the commencement of such arrange-
15 ment, with clear and conspicuous dislo-
16 sure of the terms of the workout or tem-
17 porary hardship arrangement (including
18 any increases due to such completion or
19 failure); and

20 “(C) an increase in interest rate due to a
21 provision included within the terms of a post-
22 secondary education loan that provides for a
23 lower interest rate based on the borrower’s
24 agreement to a prearranged plan that author-
25 izes recurring electronic funds transfers if—

1 “(i) the borrower withdraws the bor-
2 rower’s authorization of the prearranged
3 recurring electronic funds transfer plan;
4 and

5 “(ii) after withdrawal of the bor-
6 rower’s authorization and prior to increas-
7 ing the interest rate, the covered lender,
8 servicer, or assignee has provided the bor-
9 rower with clear and conspicuous diselo-
10 sure of the impending change in borrower’s
11 interest rate and a reasonable opportunity
12 to reauthorize the prearranged electronic
13 funds transfers plan.

14 “(e) PAYMENT INFORMATION.—

15 “(1) STATEMENT REQUIRED WITH EACH BILL-
16 ING CYCLE.—A covered lender, servicer, or assignee
17 for each borrower’s account that is being serviced by
18 the covered lender, servicer, or assignee and that in-
19 cludes a postsecondary education loan shall transmit
20 to the borrower, for each billing cycle during which
21 there is an outstanding balance in that account, a
22 billing statement that includes—

23 “(A) the interest rate, principal balance,
24 minimum monthly payment, and payment due
25 date for each loan;

1 “(B) the outstanding balance in the ac-
2 count and each loan at the beginning of the bill-
3 ing cycle;

4 “(C) the total amount credited to the ac-
5 count and each loan during the billing cycle;

6 “(D) the total amount of unpaid interest
7 for the account and each loan;

8 “(E) the amount of any fee added to the
9 account during the billing cycle, itemized to
10 show each individual fee amount and reason for
11 each fee;

12 “(F) the address, email address, and
13 phone number of the covered lender, servicer, or
14 assignee to which the borrower may direct bill-
15 ing inquiries;

16 “(G) the amount of any payments or other
17 credits during the billing cycle that was applied
18 respectively to the principal and to interest for
19 each loan;

20 “(H) the manner, pursuant to subsection
21 (g), in which payments will be allocated among
22 multiple loans if the borrower does not provide
23 specific payment instructions;

24 “(I) whether each loan is in deferment or
25 forbearance;

1 “(J) information on how to file a com-
2 plaint with the Bureau and with the ombuds-
3 man designated pursuant to section 1035 of the
4 Consumer Financial Protection Act of 2010
5 and the Department of Education;

6 “(K) for any borrower considered to be at
7 risk, as described in subsection (j)(1), a state-
8 ment that a repayment specialist office or unit
9 designated under subsection (j) is available to
10 answer inquiries related to alternative repay-
11 ment options, including the toll-free telephone
12 number to contact the specialist pursuant to
13 subsection (j)(3); and

14 “(L) any other information determined ap-
15 propriate by rule of the Bureau.

16 “(2) DISCLOSURE OF PAYMENT DEADLINES.—
17 In the case of a postsecondary education loan ac-
18 count under which a late fee or charge may be im-
19 posed due to the failure of the borrower to make
20 payment on or before the due date for such pay-
21 ment, the billing statement required under para-
22 graph (1) with respect to the account shall include,
23 in a conspicuous location on the billing statement,
24 the date on which the payment is due or, if dif-
25 ferent, the date on which a late fee will be charged,

1 together with the amount of the late fee to be im-
2 posed if payment is made after that date.

3 “(f) APPLICATION OF PAYMENTS.—

4 “(1) APPLY PAYMENT ON DATE RECEIVED.—

5 Unless otherwise directed by the borrower, a covered
6 lender, servicer, or assignee shall apply payments to
7 a borrower’s account on the date the payment is re-
8 ceived.

9 “(2) PROMULGATION OF RULES.—The Bureau
10 may issue rules for the application of postsecondary
11 education loan payments that—

12 “(A) implements the requirements in this
13 section;

14 “(B) minimizes the amount of fees and in-
15 terest incurred by the borrower and the total
16 loan amount paid by the borrower;

17 “(C) minimizes delinquencies, assignments
18 to collection, and charge offs;

19 “(D) requires covered lender, servicer, or
20 assignee to apply payments on the date re-
21 ceived; and

22 “(E) allows the borrower to instruct the
23 covered lender, servicer, or assignee to apply
24 payments in a manner preferred by the bor-
25 rower.

1 “(3) METHOD THAT BEST BENEFITS BOR-
2 ROWER.—In promulgating the rules under para-
3 graph (2), the Bureau shall choose the allocation
4 method that best benefits the borrower and is com-
5 patible with existing repayment options.

6 “(g) ALLOCATION OF PAYMENTS AMONG MULTIPLE
7 LOANS.—

8 “(1) ALLOCATION OF UNDERPAYMENTS.—Un-
9 less otherwise directed by the borrower, upon receipt
10 of a payment that does not satisfy the full amount
11 due for each postsecondary education loan, the cov-
12 ered lender, servicer, or assignee shall allocate
13 amounts in a manner that minimizes negative con-
14 sequences, including negative credit reporting and
15 late fees, and, where multiple loans share an equal
16 stage of delinquency, the covered lender, servicer, or
17 assignee shall first allocate payment to the postsec-
18 ondary education loan with the smallest monthly
19 payment, and then, after satisfying that monthly
20 payment, to each successive loan bearing the next
21 highest monthly payment, until the payment is ex-
22 hausted. A borrower may instruct or expressly au-
23 thorize a covered lender, servicer, or assignee to allo-
24 cate payments in a different manner.

1 “(2) ALLOCATION OF EXCESS AMOUNTS.—Un-
2 less otherwise directed by the borrower, upon receipt
3 of a payment exceeding the total amount due among
4 all the borrower’s postsecondary education loans, the
5 covered lender, servicer, or assignee shall satisfy the
6 amounts due for each loan, and then allocate
7 amounts in excess of the minimum payment amount
8 first to the postsecondary education loan balance
9 bearing the highest annual percentage rate, and
10 then, once that loan is repaid, to each successive
11 postsecondary education loan bearing the next high-
12 est annual percentage rate, until the payment is ex-
13 hausted. A borrower may instruct or expressly au-
14 thorize a covered lender, servicer, or assignee to allo-
15 cate such excess payments in a different manner.

16 “(3) ALLOCATION OF EXACT PAYMENTS.—Un-
17 less otherwise directed by the borrower upon receipt
18 of a payment that exactly satisfies the monthly pay-
19 ments for each loan, the covered lender, servicer, or
20 assignee shall allocate payments to satisfy each
21 monthly payment.

22 “(4) PROMULGATION OF RULES.—The Bureau
23 may issue rules for the allocation of payments
24 among multiple postsecondary education loans that
25 comply with the requirements of subsection (f)(2).

1 “(5) METHOD THAT BEST BENEFITS BOR-
2 ROWER.—In promulgating the rules under para-
3 graph (4), the Director shall choose the allocation
4 method that best benefits the borrower and is com-
5 patible with existing repayment options.

6 “(h) LATE FEES.—

7 “(1) IN GENERAL.—A late fee may not be
8 charged to a borrower for a postsecondary education
9 loan under any of the following circumstances, either
10 individually or in combination:

11 “(A) On a per-loan basis when a borrower
12 has multiple postsecondary education loans.

13 “(B) In an amount greater than 4 percent
14 of the amount of the payment past due.

15 “(C) Before the end of the 15-day period
16 beginning on the date the payment is due.

17 “(D) More than once with respect to a sin-
18 gle late payment.

19 “(E) The borrower fails to make a sin-
20 gular, non-successive regularly scheduled pay-
21 ment on the postsecondary education loan.

22 “(2) COORDINATION WITH SUBSEQUENT LATE
23 FEES.—No late fee may be charged to a borrower
24 for a postsecondary education loan relating to an in-
25 sufficient payment if the payment is made on or be-

1 fore the due date of the payment, or within any ap-
2 plicable grace period for the payment, if the insuffi-
3 ciency is attributable only to a late fee relating to
4 an earlier payment, and the payment is otherwise a
5 full payment for the applicable period.

6 “(3) PAYMENTS AT LOCAL BRANCHES.—If the
7 loan holder, in the case of a postsecondary education
8 loan account, is a financial institution that main-
9 tains a branch or office at which payments on any
10 such account are accepted from the borrower in per-
11 son, the date on which the borrower makes a pay-
12 ment on the account at such branch or office shall
13 be considered to be the date on which the payment
14 is made for purposes of determining whether a late
15 fee may be imposed due to the failure of the bor-
16 rower to make payment on or before the due date
17 for such payment.

18 “(i) BORROWER INQUIRIES.—

19 “(1) DUTY OF COVERED LENDER, SERVICER,
20 OR ASSIGNEE TO RESPOND TO BORROWER INQUIR-
21 IES.—

22 “(A) NOTICE OF RECEIPT OF REQUEST.—

23 If a borrower submits a qualified written re-
24 quest to the covered lender, servicer, or as-
25 signee for information relating to the servicing

1 of the postsecondary education loan, the cov-
2 ered lender, servicer, or assignee shall provide a
3 written response acknowledging receipt of the
4 qualified written request within 5 business days
5 unless any action requested by the borrower is
6 taken within such period.

7 “(B) ACTION WITH RESPECT TO IN-
8 QUIRY.—Not later than 30 business days after
9 the receipt from a borrower of a qualified writ-
10 ten request under subparagraph (A) and, if ap-
11 plicable, before taking any action with respect
12 to the qualified written request of the borrower,
13 the covered lender, servicer, or assignee shall—

14 “(i) make appropriate corrections in
15 the account of the borrower, including the
16 crediting of any late fees, and transmit to
17 the borrower a written notification of such
18 correction (which shall include the name
19 and toll-free or collect-call telephone num-
20 ber of a representative of the covered lend-
21 er, servicer, or assignee who can provide
22 assistance to the borrower);

23 “(ii) after conducting an investigation,
24 provide the borrower with a written expla-
25 nation or clarification that includes—

1 “(I) to the extent applicable, a
2 statement of the reasons for which the
3 covered lender, servicer, or assignee
4 believes the account of the borrower is
5 correct as determined by the covered
6 lender, servicer, or assignee; and

7 “(II) the name and toll-free or
8 collect-call telephone number of an in-
9 dividual employed by, or the office or
10 department of, the covered lender,
11 servicer, or assignee who can provide
12 assistance to the borrower; or

13 “(iii) after conducting an investiga-
14 tion, provide the borrower with a written
15 explanation or clarification that includes—

16 “(I) information requested by the
17 borrower or explanation of why the in-
18 formation requested is unavailable or
19 cannot be obtained by the covered
20 lender, servicer, or assignee; and

21 “(II) the name and toll-free or
22 collect-call telephone number of an in-
23 dividual employed by, or the office or
24 department of, the covered lender,

1 servicer, or assignee who can provide
2 assistance to the borrower.

3 “(C) LIMITED EXTENSION OF RESPONSE
4 TIME.—

5 “(i) IN GENERAL.—There may be 1
6 extension of the 30-day period described in
7 subparagraph (B) of not more than 15
8 days if, before the end of such 30-day pe-
9 riod, the covered lender, servicer, or as-
10 signee notifies the borrower of the exten-
11 sion and the reasons for the delay in re-
12 sponding.

13 “(ii) REPORTS TO BUREAU.—Each
14 covered lender, servicer, or assignee shall,
15 on an annual basis, report to the Bureau
16 the aggregate number of extensions sought
17 by the such covered lender, servicer, or as-
18 signee under clause (i).

19 “(2) PROTECTION AGAINST NEGATIVE CON-
20 SEQUENCES.—During the 60-day period beginning
21 on the date on which a covered lender, servicer, or
22 assignee receives a qualified written request from a
23 borrower relating to a dispute regarding payments
24 by the borrower, a covered lender, servicer, or as-
25 signee may not impose any negative consequences on

1 the borrower relating to the subject of the qualified
2 written request or to such period including—

3 “(A) providing negative credit information
4 to any consumer reporting agency (as defined
5 in section 603 of the Fair Credit Reporting
6 Act);

7 “(B) lost eligibility for a borrower benefit;

8 “(C) late fees;

9 “(D) interest capitalization; or

10 “(E) other financial injury.

11 “(j) REPAYMENT SPECIALISTS FOR AT-RISK BOR-
12 ROWERS.—

13 “(1) AT-RISK BORROWERS.—A covered lender,
14 servicer, or assignee shall designate an office or
15 other unit to act as a repayment specialist regarding
16 postsecondary education loans for—

17 “(A) any borrower who—

18 “(i) becomes 30 calendar days or
19 more delinquent under the postsecondary
20 education loan; or

21 “(ii) notifies the covered lender,
22 servicer, or assignee that the borrower is
23 having difficulty making payment;

24 “(B) any borrower who requests informa-
25 tion related to options to reduce or suspend the

1 borrower's monthly payment, or otherwise indi-
2 cates that the borrower is experiencing or is
3 about to experience financial hardship or dis-
4 tress;

5 "(C) any borrower who has not completed
6 the program of study for which the borrower re-
7 ceived the loans;

8 "(D) any borrower who is enrolled in dis-
9 cretionary forbearance for more than nine of
10 the previous 12 months;

11 "(E) any borrower who has rehabilitated
12 or consolidated one or more postsecondary edu-
13 cation loans out of default within the prior 24
14 months;

15 "(F) a borrower who seeks information re-
16 garding, seeks to enter an agreement for, or
17 seeks to resolve an issue under a repayment op-
18 tion that requires subsequent submission of
19 supporting documentation;

20 "(G) a borrower who seeks to modify the
21 terms of the repayment of the postsecondary
22 education loan because of hardship; and

23 "(H) any borrower or segment of bor-
24 rowers determined by the Bureau, in consulta-

1 tion with the Secretary of Education, to be at
2 risk.

3 “(2) TRAINING.—Staff of the repayment spe-
4 cialist office or unit designated under paragraph (1)
5 shall—

6 “(A) receive rigorous, ongoing training re-
7 lated to available repayment plans, loan forgive-
8 ness, and cancellation and discharge options;
9 and

10 “(B) be trained to—

11 “(i) assess the borrower’s long-term
12 and short-term financial situation in dis-
13 cussing alternative repayment options with
14 borrowers;

15 “(ii) inform borrowers, when there is
16 sufficient information to determine that a
17 borrower may be eligible, about closed-
18 school discharge, discharge under defense
19 to repayment, or total and permanent dis-
20 ability discharge prior to informing the
21 borrower about any other options for re-
22 payment; and

23 “(iii) inform borrowers about alter-
24 native repayment options, prior to dis-
25 cussing forbearance and deferment.

1 “(3) TOLL-FREE TELEPHONE NUMBER.—Each
2 covered lender, servicer, or assignee shall maintain a
3 toll-free telephone number that shall—

4 “(A) connect directly to the repayment
5 specialist office or unit designated under para-
6 graph (1);

7 “(B) be made available on the primary
8 internet website of the covered lender, servicer,
9 or assignee, on monthly billing statements, and
10 any required disclosures; and

11 “(C) not subject borrowers to unreasonable
12 call wait times.

13 “(4) COMPENSATION.—Staff of the repayment
14 specialist office or unit designated under paragraph
15 (1) shall not be compensated on the basis of the vol-
16 ume of calls or accounts handled, dollar amounts
17 collected, brevity of calls, or in any other manner
18 that may encourage undue haste and lack of dili-
19 gence or quality customer service.

20 “(k) ACTIONS WHEN BORROWER IS HAVING DIF-
21 FICULTY MAKING PAYMENT OR IS 60 DAYS DELIN-
22 QUENT.—

23 “(1) IN GENERAL.—Not more than 5 days after
24 a borrower notifies a covered lender, servicer, or as-
25 signee that the borrower is having difficulty making

1 payment or a borrower becomes 60 days delinquent
2 on a postsecondary education loan, the repayment
3 specialist office or unit designated under subsection
4 (j) shall—

5 “(A) complete a full review of the bor-
6 rower’s postsecondary education loan and make
7 a reasonable effort to obtain the information
8 necessary to determine—

9 “(i) if the borrower is eligible for an
10 alternative repayment option, including
11 Federal Direct Consolidation Loans under
12 part D of title IV of the Higher Education
13 Act of 1965 (20 U.S.C. 1087a et seq.), as
14 applicable;

15 “(ii) if the borrower is eligible for
16 servicemember or veteran benefits under
17 the Servicemembers Civil Relief Act (50
18 U.S.C. App. 501 et seq.) or other Federal
19 or State law related to postsecondary edu-
20 cation loans; and

21 “(iii) if the postsecondary education
22 loan is eligible for discharge by the Sec-
23 retary of Education;

24 “(B) make a good faith effort to establish
25 live contact with the borrower to provide the

1 borrower information about alternative repay-
2 ment options and benefits for which the bor-
3 rower is eligible, including all terms, conditions,
4 and fees or costs associated with such repay-
5 ment plan;

6 “(C) provide to the borrower in writing, in
7 simple and understandable terms, such informa-
8 tion required by subparagraph (B);

9 “(D) allow the borrower not less than 30
10 days to apply for an alternative repayment op-
11 tion or benefits, if eligible;

12 “(E) notify the borrower that a service-
13 member and veterans liaison designated under
14 subsection (l) is available to answer inquiries
15 about servicemember and veteran benefits re-
16 lated to postsecondary education loans, includ-
17 ing the toll-free telephone number to contact
18 the liaison; and

19 “(F) notify the borrower that a repayment
20 specialist office or unit designated under sub-
21 section (j) is available to answer inquiries re-
22 lated to alternative repayment options, includ-
23 ing the toll-free telephone number to contact
24 the specialist.

1 “(2) FORBEARANCE OR DEFERMENT.—If, after
2 receiving information about alternative repayment
3 options from the repayment specialist, a borrower
4 notifies the covered lender, servicer, or assignee that
5 a long-term alternative repayment option is not ap-
6 propriate, the covered lender, servicer, or assignee
7 may comply with this subsection by providing the
8 borrower, in writing, in simple and understandable
9 terms, information about short-term options to ad-
10 dress an anticipated short-term difficulty in making
11 payments, such as forbearance or deferment options,
12 including all terms, conditions, and fees or costs as-
13 sociated with such options.

14 “(3) NOTIFICATION PROCESS.—

15 “(A) IN GENERAL.—Each covered lender,
16 servicer, or assignee shall establish a process, in
17 accordance with paragraph (1), for a borrower
18 to notify the covered lender, servicer, or as-
19 signee that—

20 “(i) the borrower is having difficulty
21 making payments on a postsecondary edu-
22 cation loan; and

23 “(ii) a long-term alternative repay-
24 ment option is not appropriate.

1 “(B) BUREAU REQUIREMENTS.—The Di-
2 rector of the Bureau shall, based on consumer
3 testing and in consultation with the Secretary
4 of Education, promulgate rules establishing
5 minimum standards for covered lenders,
6 servicers, or assignees in carrying out the re-
7 quirements of this subsection and a model form
8 for borrowers to notify a covered lender,
9 servicer, or assignee of the information under
10 this subsection.

11 “(1) SERVICEMEMBERS, VETERANS, AND POSTSEC-
12 ONDARY EDUCATION LOANS.—

13 “(1) SERVICEMEMBER AND VETERANS LIAI-
14 SON.—Each covered lender, servicer, or assignee
15 shall designate an employee to act as the service-
16 member and veterans liaison who is responsible for
17 answering inquiries from servicemembers and vet-
18 erans, and is specially trained on servicemember and
19 veteran benefits under the Servicemembers Civil Re-
20 lief Act and other Federal or State laws related to
21 postsecondary education loans.

22 “(2) TOLL-FREE TELEPHONE NUMBER.—Each
23 covered lender, servicer, or assignee shall maintain a
24 toll-free telephone number that shall—

1 “(A) connect directly to the servicemember
2 and veterans liaison designated under para-
3 graph (1);

4 “(B) be made available on the primary
5 internet website of the covered lender, servicer,
6 or assignee and on monthly billing statements;
7 and

8 “(C) not subject borrowers to unreasonable
9 call wait times.

10 “(3) PROHIBITION ON CHARGE OFFS AND DE-
11 FAULT.—A covered lender, servicer, or assignee may
12 not charge off or report a postsecondary education
13 loan as delinquent, assigned to collection (internally
14 or by referral to a third party), in default, or
15 charged off to a credit reporting agency if the bor-
16 rower is on active duty in the Armed Forces (as de-
17 fined in section 101(d)(1) of title 10, United States
18 Code) serving in a combat zone (as designated by
19 the President under section 112(c) of the Internal
20 Revenue Code of 1986).

21 “(4) ADDITIONAL LIAISONS.—The Director, in
22 consultation with the Secretary, shall determine ad-
23 ditional entities with whom borrowers interact, in-
24 cluding guaranty agencies, that shall designate an
25 employee to act as the servicemember and veterans

1 liaison who is responsible for answering inquiries
2 from servicemembers and veterans and is specially
3 trained on servicemembers and veteran benefits and
4 option under the Servicemembers Civil Relief Act.

5 “(m) BORROWER’S LOAN HISTORY.—

6 “(1) IN GENERAL.—A covered lender, servicer,
7 or assignee shall make available in a secure elec-
8 tronic form usable by borrowers, or in writing upon
9 request, the loan history of each borrower for each
10 postsecondary education loan, separately desig-
11 nating—

12 “(A) payment history, including repayment
13 plan and payments—

14 “(i) made on such loan to previous
15 covered lender, servicer, or assignee; and

16 “(ii) qualifying toward a loan forgive-
17 ness program and designating such pro-
18 gram;

19 “(B) loan history, including any forbear-
20 ances, deferrals, delinquencies, assignment to
21 collection, and charge offs;

22 “(C) annual percentage rate history;

23 “(D) key loan terms, including application
24 of payments to interest, principal, and fees,
25 origination date, principal, capitalized interest,

1 annual percentage rate, including any cap, loan
2 term, and any contractual incentives;

3 “(E) amount due to pay off the out-
4 standing balance; and

5 “(F) any other items determined appro-
6 priate by rule of the Bureau.

7 “(2) ORIGINAL DOCUMENTATION.—A covered
8 lender, servicer, or assignee shall make available to
9 the borrower, if requested, at no charge, copies of
10 the original loan documents and the promissory note
11 for each postsecondary education loan.

12 “(n) ADDITIONAL SERVICING STANDARDS.—

13 “(1) PROHIBITIONS.—A covered lender, servi-
14 cer, or assignee may not—

15 “(A) charge a fee for responding to a
16 qualified written request under this paragraph;

17 “(B) fail to take timely action to respond
18 to a qualified written request from a borrower
19 to correct an error relating to an allocation of
20 payment or the payoff amount of the postsec-
21 ondary education loan;

22 “(C) fail to take reasonable steps to avail
23 the borrower of all possible alternative repay-
24 ment arrangements to avoid default;

1 “(D) fail to perform the obligations re-
2 quired under title IV of the Higher Education
3 Act of 1965;

4 “(E) fail to respond within 10 business
5 days to a request from a borrower to provide
6 the name, address, and other relevant contact
7 information of the loan holder of the borrower’s
8 postsecondary education loan or, for a Federal
9 Direct Loan or a Federal Perkins Loan, the
10 Secretary of Education, or the institution of
11 higher education who made the loan, respec-
12 tively;

13 “(F) fail to comply with any applicable re-
14 quirement of the Servicemembers Civil Relief
15 Act;

16 “(G) charge a convenience, processing, or
17 any other fee for payments made electronically
18 or by telephone;

19 “(H) fail to comply with any other obliga-
20 tion that the Bureau, by regulation, has deter-
21 mined to be appropriate to carry out the con-
22 sumer protection purposes of this paragraph; or

23 “(I) fail to perform other standard serv-
24 icing duties and functions.

1 “(2) BUSINESS HOURS.—Covered lenders, servi-
2 cers, or assignees shall be open for borrower inquir-
3 ies and outreach—

4 “(A) during normal business hours, Mon-
5 day through Friday;

6 “(B) after business hours, Monday through
7 Friday, including for not less than 3 hours
8 after 5:00 p.m. in all continental United States
9 time zones;

10 “(C) for not less than 6 hours on Satur-
11 day; and

12 “(D) for not less than 6 hours on Sunday.

13 “(3) ADDITIONAL STANDARDS.—The Bureau
14 may issue rules establishing additional servicing
15 standards to reduce delinquencies, assignment to col-
16 lections, defaults, and charge offs, and to ensure
17 borrowers understand their rights and obligations
18 related to their postsecondary education loans.

19 “(o) PROHIBITION ON LIMITING BORROWER LEGAL
20 ACTION BY COVERED LENDER, SERVICER, OR AS-
21 SIGNEE.—

22 “(1) WAIVER OF RIGHTS AND REMEDIES.—Any
23 rights and remedies available to borrowers against
24 covered lenders, servicers, or assignees may not be
25 waived by any agreement, policy, or form, including

1 by a mandatory predispute arbitration agreement or
2 class action waiver.

3 “(2) PREDISPUTE ARBITRATION AGREE-
4 MENTS.—No limitation or restriction on the ability
5 of a borrower to pursue a claim in court with respect
6 to a postsecondary education loan, including manda-
7 tory predispute arbitration agreements and class ac-
8 tion waivers, shall be valid or enforceable by a cov-
9 ered lender, servicer, or assignee, including as a
10 third-party beneficiary or by estoppel.

11 “(p) PREEMPTION.—Nothing in this paragraph may
12 be construed to preempt any provision of State law regard-
13 ing postsecondary education loans where the State law
14 provides stronger consumer protections.

15 “(q) CIVIL LIABILITY.—A covered lender, servicer, or
16 assignee that fails to comply with any requirement im-
17 posed under this paragraph shall be deemed a creditor
18 that has failed to comply with a requirement under this
19 chapter for purposes of liability under section 130 and
20 such covered lender, servicer, or assignee shall be subject
21 to the liability provisions under such section, including the
22 provisions under paragraphs (1), (2)(A)(i), (2)(B), and
23 (3) of section 130(a).

1 “(r) ELIGIBILITY FOR DISCHARGE.—The Bureau
2 shall issue rules requiring covered lender, servicer, or as-
3 signee to—

4 “(1) identify and contact borrowers who may be
5 eligible for student loan discharge by the Secretary,
6 including under section 437 of the Higher Education
7 Act of 1965; and

8 “(2) provide the borrower, in writing, in simple
9 and understandable terms, information about obtain-
10 ing such discharge.

11 “(s) MODEL DISCLOSURE FORM FOR ALTERNATIVE
12 REPAYMENT OPTIONS, FORBEARANCE, AND DEFERMENT
13 OPTIONS.—Not later than 2 years after the date of enact-
14 ment of this section, the Director of the Bureau shall,
15 based on consumer testing and in consultation with the
16 Secretary of Education, develop and issue, pursuant to a
17 formal rulemaking, model forms to allow borrowers to
18 compare alternative repayment options, forbearance, and
19 deferment options with the borrower’s existing repayment
20 plan with respect to a postsecondary education loan. In
21 developing such forms, the Director shall consider and
22 evaluate the following for inclusion:

23 “(1) The total amount to be paid over the life
24 of the loan.

1 “(2) The total amount in interest to be paid
2 over the life of the loan.

3 “(3) The monthly payment amount.

4 “(4) The expected pay-off date.

5 “(5) Other related fees and costs, as applicable.

6 “(6) Eligibility requirements, and how the bor-
7 rower can apply for an alternative repayment option,
8 forbearance, or deferment option.

9 “(7) Any relevant consequences due to action or
10 inaction, such as default, including any actions that
11 would result in the loss of eligibility for alternative
12 repayment options, forbearance, or deferment op-
13 tions.

14 “(t) STUDENT LOAN SERVICING INTERAGENCY
15 WORKING GROUP.—

16 “(1) IN GENERAL.—Not later than 30 days
17 after the date of enactment of this section, the Di-
18 rector of the Bureau shall establish a student loan
19 servicing interagency working group co-chaired by
20 the Director and the Secretary of Education and in-
21 cluding the Chief Operating Officer of the Office of
22 Federal Student Aid of the Department of Edu-
23 cation, the Director of the Office of Management
24 and Budget, the Secretary of the Treasury, and the

1 heads of any other relevant Federal departments or
2 agencies.

3 “(2) ADVISORY REPORT ON RULEMAKING.—

4 “(A) IN GENERAL.—Not later than 120
5 days after the date the working group under
6 paragraph (1) is established, the working group
7 shall publish an advisory report making rec-
8 ommendations to the Director of the Bureau re-
9 lated to the promulgation of regulations under
10 this section with respect to entities with which
11 the Secretary has entered into a contract under
12 section 456 of the Higher Education Act of
13 1965.

14 “(B) PUBLIC FEEDBACK.—Following the
15 publication of the advisory report required
16 under subparagraph (A), the working group
17 shall accept, for not less than 60 days, from the
18 public specific feedback on the recommenda-
19 tions included in the report.

20 “(3) PUBLICATION OF FINAL RECOMMENDA-
21 TIONS.—Not later than 30 days following the con-
22 clusion of the public feedback process described in
23 paragraph (2)(B), the working group shall publish
24 final recommendations for the Director of the Bu-

1 reau related to the promulgation of regulations
2 under this section.

3 “(4) POLICY DIRECTION TO FEDERAL STUDENT
4 AID.—The working group shall develop and propose
5 policy direction for the Secretary of Education to
6 issue to the Office of Federal Student Aid, through
7 which the Office of Federal Student Aid shall incor-
8 porate, into contracts awarded under section 456 of
9 the Higher Education Act of 1965, applicable re-
10 quirements and standards promulgated under this
11 section.

12 “(5) MEETINGS.—After the working group pub-
13 lishes final recommendations under paragraph (3),
14 the working group shall meet not less often than
15 once per year including to—

16 “(A) evaluate the application of regulations
17 promulgated under this section on entities with
18 which the Secretary has entered into a contract
19 under section 456 of the Higher Education Act
20 of 1965;

21 “(B) evaluate the Office of Federal Stu-
22 dent Aid’s implementation of policy direction
23 developed pursuant to paragraph (4);

24 “(C) develop and implement an oversight
25 plan to ensure compliance by entities with

1 which the Secretary has entered into a contract
 2 under section 456 of the Higher Education Act
 3 of 1965 with policy direction developed under
 4 paragraph (4) and regulations promulgated
 5 under this section; and

6 “(D) undertake other activities to improve
 7 coordination among the members of the work-
 8 ing group as it relates to the Secretary’s admin-
 9 istration of the Federal Direct Loan Program.

10 “(6) RULE OF CONSTRUCTION.—Nothing in
 11 this subsection may be construed to alter, limit, or
 12 restrict the Bureau’s obligations under chapter 5 of
 13 title 5, United States Code (commonly known as the
 14 ‘Administrative Procedures Act’), including the Di-
 15 rector’s obligation to provide notice, solicit public
 16 comment, and respond to such comment when
 17 issuing regulations.”; and

18 (3) in the table of contents, by striking the item
 19 relating to section 140A and inserting the following:

“140A. Postsecondary education loan borrower bill of rights.

“140B. Procedure for timely settlement of estates of decedent obligors.”.

20 **SEC. 3. STANDARDS FOR REPORTING STUDENT LOAN IN-**
 21 **FORMATION TO CONSUMER REPORTING**
 22 **AGENCIES.**

23 Section 623 of the Fair Credit Reporting Act (15
 24 U.S.C. 1681s–2) is amended—

1 (1) by adding at the end the following:

2 “(f) REPORTING INFORMATION RELATED TO STU-
3 DENT LOANS.—

4 “(1) STANDARDS FOR REPORTING.—The Bu-
5 reau, in consultation with the Secretary of Edu-
6 cation, shall issue rules to establish standards for
7 the furnishing of information related to student
8 loans to a consumer reporting agency and any fur-
9 nisher of such information shall comply with such
10 rules.

11 “(2) SPECIFIC STANDARDS.—In issuing rules
12 under paragraph (1), the Bureau shall specifically
13 establish standards for the furnishing of information
14 related to—

15 “(A) the transfer of the servicing of a stu-
16 dent loan to a new servicer;

17 “(B) the loan term or duration of a stu-
18 dent loan; or

19 “(C) a student loan being placed in for-
20 bearance.

21 “(3) RESPONSIBILITIES OF THE PRIVATE EDU-
22 CATION LOAN OMBUDSMAN.—

23 “(A) MONITORING CONSUMER COM-
24 PLAINTS.—The Private Education Loan Om-
25 budsman of the Bureau (in this subsection re-

1 ferred to as the ‘Ombudsman’) shall monitor
2 complaints from consumers to assess compli-
3 ance with the rules issued under paragraph (1)
4 and, if the Ombudsman determines it appro-
5 priate, recommend supervisory or enforcement
6 actions to the Director of the Bureau with re-
7 spect to a person the Ombudsman determines
8 may be in violation of such rules.

9 “(B) RECOMMENDATIONS ON DISPUTE
10 PROCESS.—The Ombudsman shall issue peri-
11 odic recommendations to the Director of the
12 Bureau and the Congress on regulatory and
13 statutory changes that the Ombudsman believes
14 would improve the process under this section
15 for disputing information related to student
16 loans that has been furnished to a consumer re-
17 porting agency.

18 “(4) MONITORING COMPLIANCE.—The Director
19 of the Bureau shall monitor compliance with the
20 rules issued under paragraph (1) and, if the Direc-
21 tor determines that a person may be in violation of
22 such rules, take such supervisory or enforcement ac-
23 tions as the Director determines appropriate.

24 “(5) STUDENT LOAN DEFINED.—In this sub-
25 section, the term ‘student loan’ means—

1 “(A) a private education loan, as defined
2 in section 140(a) of the Truth in Lending Act;
3 and

4 “(B) a loan made, insured, or guaranteed
5 under title IV of the Higher Education Act of
6 1965.”; and

7 (2) in subsection (e)(2), by striking “subsection
8 (b) of this section” and inserting “subsection (b) or
9 (f) of this section (including any regulations issued
10 thereunder)”.

11 **SEC. 4. INSTITUTIONAL CERTIFICATION.**

12 (a) IN GENERAL.—Section 128(e) of the Truth in
13 Lending Act (15 U.S.C. 1638(e)) is amended—

14 (1) by striking paragraph (3) and inserting the
15 following:

16 “(3) PRIVATE LOAN CERTIFICATION RE-
17 QUIRED.—

18 “(A) IN GENERAL.—Except as provided in
19 subparagraph (B), a private educational lender
20 shall, before consummating any loan with re-
21 spect to a student attending an institution of
22 higher education, obtain, from the institution of
23 higher education the student intends to attend,
24 a private loan certification as described in sub-
25 paragraph (E).

1 “(B) EXCEPTION.—A private educational
2 lender may consummate a private education
3 loan with respect to a student attending an in-
4 stitution of higher education without obtaining
5 a private loan certification as required in sub-
6 paragraph (A) if, in, before the end of the 15-
7 day period following the date on which the pri-
8 vate educational lender requests a certification
9 from such institution, such institution does
10 not—

11 “(i) notify the private educational
12 lender of the refusal of the institution to
13 provide such certification; or

14 “(ii) notify the private educational
15 lender that more time will be needed to
16 comply with the request for the private
17 loan certification.

18 “(C) PRIVATE LOAN CERTIFICATION CON-
19 TENTS.—Any private loan certification provided
20 by an institution of higher education pursuant
21 to subparagraph (A) shall include—

22 “(i) the enrollment status of the stu-
23 dent;

24 “(ii) the cost of attendance at the in-
25 stitution for the student as determined by

1 the institution under part F of title IV of
2 the Higher Education Act of 1965; and

3 “(iii) the difference between—

4 “(I) such cost of attendance; and

5 “(II) the total estimated amount
6 of financial assistance for such stu-
7 dent, including assistance received
8 under title IV of the Higher Edu-
9 cation Act of 1965.

10 “(D) CONSUMMATION OF LOAN WITHOUT
11 CERTIFICATION.—If a private educational lend-
12 er consummates a loan in violation of this sub-
13 section, such private education lender shall re-
14 port the consummation of such loan in a man-
15 ner determined by the Bureau.

16 “(E) INSTITUTION PROVISION OF CERTIFI-
17 CATION.—If a private educational lender sub-
18 mits a request to an institution of higher edu-
19 cation for a private loan certificate, such insti-
20 tution of higher education shall, not later than
21 the end of the 15-day period beginning on the
22 date such institution receives such request—

23 “(i) provide such certification;

1 “(ii) notify the private educational
2 lender that the institution refuses to pro-
3 vide such certification; or

4 “(iii) notify the private educational
5 lender that more time will be needed to
6 comply with the request for the private
7 loan certification.

8 “(F) INSTITUTION DISCLOSURES TO BOR-
9 ROWER.—Before providing a private loan cer-
10 tification to a private educational lender, an in-
11 stitution of higher education shall provide to
12 the borrower notice of—

13 “(i) the amount of any Federal stu-
14 dent assistance under title IV of the High-
15 er Education Act of 1965 for which the
16 borrower is eligible;

17 “(ii) the advantages of Federal stu-
18 dent assistance under title IV of the High-
19 er Education Act of 1965, including disclo-
20 sure of the fixed interest rates, deferments,
21 flexible repayment options, loan forgiveness
22 programs, and other protections;

23 “(iii) the right of the borrower to
24 choose a private educational lender of their
25 choice;

1 “(iv) the impact the private education
2 loan for which the institution of higher
3 education is submitting a private loan cer-
4 tification would have on the eligibility of
5 the borrower for other financial assistance
6 including Federal assistance under title IV
7 of the Higher Education Act of 1965;

8 “(v) the right of the borrower to ac-
9 cept or reject a private education loan
10 within the 30-day period following a pri-
11 vate educational lender’s approval of the
12 borrower’s application for a private edu-
13 cation loan; and

14 “(vi) the right of the borrower to can-
15 cel any private educational loan within 3
16 days of the consummation of such loan.”;

17 (2) by redesignating paragraphs (9), (10), and
18 (11) as paragraphs (12), (13), and (14), respec-
19 tively; and—

20 (A) by inserting after paragraph (8) the
21 following:

22 “(9) LOAN STATEMENTS FOR BORROWERS.—

23 “(A) IN GENERAL.—A private educational
24 lender that consummates a private education
25 loan with respect to a student attending an in-

1 stitution of higher education shall provide a
2 loan statement to the borrower not less than
3 once every 3 months during the period during
4 which the student attends the institution of
5 higher education.

6 “(B) CONTENTS OF LOAN STATEMENT.—

7 Any loan statement provided to a borrower pur-
8 suant to subparagraph (A) shall—

9 “(i) report the amount of the bor-
10 rower’s total remaining debt with the pri-
11 vate educational lender, including any ac-
12 crued but unpaid interest and capitalized
13 interest; and

14 “(ii) report the amount of any in-
15 crease in the borrower’s total debt with the
16 private educational lender in the period fol-
17 lowing the most recent loan statement was
18 provided to the borrower.

19 “(10) NOTIFICATION OF PRIVATE EDU-
20 CATIONAL LOAN.—Not later than 3 days after a pri-
21 vate educational lender consummates a private edu-
22 cation loan with respect to a student attending an
23 institution of higher education, such private edu-
24 cational lender shall notify the institution of higher
25 education the student is to attend of the amount of

1 the private education loan the private educational
2 lender has extended to such student.

3 “(11) ANNUAL REPORT.—Each private edu-
4 cational lender shall, each year, submit to the Bu-
5 reau information about the private education loans
6 such private educational lender has entered.”.

7 (b) DEFINITION OF PRIVATE EDUCATION LOAN.—
8 Section 140(a)(8)(A) of the Truth in Lending Act (15
9 U.S.C. 1650(a)(8)(A)) is amended—

10 (1) by redesignating clause (ii) as clause (iii);

11 (2) in clause (i), by striking “and” after the
12 semicolon; and

13 (3) by inserting after clause (i) the following:

14 “(ii) is not made, insured, or guaran-
15 teed under title VII or title VIII of the
16 Public Health Service Act (42 U.S.C. 292
17 et seq. and 296 et seq.); and”.

18 (c) REGULATIONS.—Not later than 365 days after
19 the date of enactment of this Act, the Director of the Bu-
20 reau of Consumer Financial Protection shall issue rules
21 in final form to implement paragraphs (3), (9), and (11)
22 of section 128(e) of the Truth in Lending Act, as amended
23 by this section. Such regulations shall become effective not
24 later than 6 months after their date of issuance.

1 (d) EFFECTIVE DATE.—The amendments made by
2 subsections (a) and (b) shall take effect 1 year after the
3 date of the enactment of this section.

4 (e) REPORT.—

5 (1) IN GENERAL.—Not later than 24 months
6 after issuing rules under subsection (c), the Director
7 of the Bureau of Consumer Financial Protection
8 shall submit to the Congress a report about the com-
9 pliance of private educational lenders and institu-
10 tions of higher education with section 128(e) of the
11 Truth in Lending Act, as amended by this section.

12 (2) CONTENTS.—Any report submitted to Con-
13 gress pursuant to paragraph (1) shall include infor-
14 mation about the degree to which institutions of
15 higher education, in making disclosures to borrowers
16 pursuant to section 128(e)(3)(F) of the Truth in
17 Lending Act, effectively encourage borrowers to ex-
18 haust Federal assistance under title IV of the High-
19 er Education Act of 1965 before entering a private
20 educational loan.

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