

S 1803

Student Loan Borrower Bill of Rights

Congress: 113 (2013–2015, Ended)

Chamber: Senate

Policy Area: Education

Introduced: Dec 11, 2013

Current Status: Committee on Banking, Housing, and Urban Affairs Subcommittee on Financial Institutions and Consumer

Latest Action: Committee on Banking, Housing, and Urban Affairs Subcommittee on Financial Institutions and Consumer Protection. Hearings held. With printed Hearing: S.Hrg. 113-445. (Jun 4, 2014)

Official Text: <https://www.congress.gov/bill/113th-congress/senate-bill/1803>

Sponsor

Name: Sen. Durbin, Richard J. [D-IL]

Party: Democratic • **State:** IL • **Chamber:** Senate

Cosponsors (11 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Boxer, Barbara [D-CA]	D · CA		Dec 11, 2013
Sen. Reed, Jack [D-RI]	D · RI		Dec 11, 2013
Sen. Warren, Elizabeth [D-MA]	D · MA		Dec 11, 2013
Sen. Gillibrand, Kirsten E. [D-NY]	D · NY		Feb 3, 2014
Sen. Murphy, Christopher [D-CT]	D · CT		Mar 11, 2014
Sen. Blumenthal, Richard [D-CT]	D · CT		Mar 12, 2014
Sen. Merkley, Jeff [D-OR]	D · OR		Mar 25, 2014
Sen. Brown, Sherrod [D-OH]	D · OH		Mar 31, 2014
Sen. Schatz, Brian [D-HI]	D · HI		May 14, 2014
Sen. Rockefeller, John D., IV [D-WV]	D · WV		Jun 5, 2014
Sen. Franken, Al [D-MN]	D · MN		Jul 15, 2014

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Hearings By (subcommittee)	Jun 4, 2014
Health, Education, Labor, and Pensions Committee	Senate	Referred To	Dec 11, 2013

Subjects & Policy Tags

Policy Area:

Education

Related Bills

Bill	Relationship	Last Action
113 HR 3612	Related bill	Jan 22, 2014: Referred to the Subcommittee on Higher Education and Workforce Training.
113 S 113	Related bill	Jan 23, 2013: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (text of measure as introduced: CR S221-222)

Student Loan Borrower Bill of Rights - Amends the Truth in Lending Act to require private educational lenders to disclose to borrowers at least 30 days before the first fully amortized payment on their loan is due:

- certain information concerning the terms of the loan,
- the date on which the first payment is due,
- the name of the lender and servicer and certain contact information, and
- a description of alternative repayment plans.

Requires private educational lenders to disclose to borrowers who become 30 days delinquent on their loan:

- the date on which the loan will be charged-off or assigned to collections, including the consequences of those actions;
- the minimum payment that the borrower must make to avoid the loan being charged off or assigned to collection;
- the minimum payment that the borrower must make to bring the loan current; and
- a statement informing the borrower that paying less than the minimum could result in the loan being charged off or assigned to collection.

Requires a private educational lender, when a borrower becomes 60 days delinquent or provides notice that he or she is having difficulty making payment, to:

- complete a full review of the loan and make a reasonable effort to determine if the borrower is eligible for an alternative repayment plan or servicemember or veteran benefits related to private education loans,
- inform the borrower about alternative repayment plans and benefits for which the borrower may be eligible, and
- give the borrower at least 30 days to apply for such a plan or benefit.

Requires private educational lenders in all these situations to notify the borrower that a Servicemember and Veterans Liaison is available to answer inquiries about servicemember and veteran benefits related to private education loans.

Provides that if such a borrower notifies a private educational lender that a long-term alternative repayment plan is not needed, the lender may provide the borrower with information about forbearance or deferment options instead. Requires lenders to establish a process that enables borrowers to provide such notice.

Requires the Director of the Consumer Financial Protection Bureau (CFPB) to develop and issue model forms to allow borrowers to compare their private education loan repayment plan with alternative repayment plans and forbearance and deferment options.

Establishes a student loan borrower bill of rights under the Truth in Lending Act and the Higher Education Act of 1965 (HEA).

Imposes specified notification and payment transfer and receipt obligations on transferors and transferees of student loans if the transfer of those loans results in a change of the party to whom the borrower must direct communications or send payments.

Prohibits student loan servicers from imposing late payment fees or finance charges on borrowers whose late payment is due to a change in the servicer's mailing address, office, or payment handling procedures.

Requires private education loan servicers, absent alternative instructions from the borrower, to apply payments first to the interest and fees a borrower owes on the payment due date and then to the principal of the borrower's private education loan that bears the highest interest rate.

Considers a private education loan to be rehabilitated if the borrower: (1) makes 9 payments of amounts owed on the loan within 20 days of the due date for 10 consecutive months, or (2) otherwise brings the loan current after it has been charged-off.

Requires student loan servicers to: (1) designate an employee who is specially trained on servicemember and veteran benefits to act as the servicemember and veterans liaison responsible for answering inquiries from servicemembers and veterans, and (2) provide servicemembers and veterans with a toll-free number to access that liaison.

Prohibits student loan lenders or servicers from charging-off or reporting a student loan as delinquent, assigned to collection, or charged-off to a credit reporting agency if the borrower is on active duty in a combat zone.

Requires student loan servicers to make available to borrowers: (1) through a secure website or in writing upon request, their loan history; and (2) upon request and at no charge, copies of the original loan documents.

Requires the Director of the CFPB to promulgate rules requiring student loan servicers to establish error resolution procedures.

Requires consumer credit information that is required to be disclosed to borrowers under the Truth in Lending Act to be available at no charge to such borrowers.

Requires the Director of the CFPB, under the HEA, to issue rules: (1) requiring lenders and servicers to contact borrowers who may be eligible to have their student loans discharged by the Secretary of Education and to provide them with information and a streamlined process for doing so, and (2) for the application of student loan payments in a manner that best benefits borrowers and is compatible with existing repayment options.

Amends the Federal Family Education Loan (FFEL) program to require eligible lenders to provide borrowers, before repayment, when they are having difficulty making payments, and when they are delinquent, a statement that: (1) they may be entitled to servicemember and veteran benefits, and (2) a Servicemember and Veterans Liaison is available to answer their inquiries about those benefits.

Requires eligible lenders, under the FFEL program, and the Secretary, under the William D. Ford Federal Direct Loan program, to inform borrowers of alternative repayment options and offer to enroll them in alternative repayment plans.

Amends the Truth in Lending Act to require a lender, before issuing a private education loan for a student attending an institution of higher education (IHE), to obtain the IHE's certification of: (1) the student's enrollment status, (2) the student's cost of attendance, and (3) the difference between that cost and the student's estimated financial assistance. Eliminates the requirement that such lenders obtain a self-certification form from the private education loan applicant.

Allows a lender to issue such a loan without a certification if the relevant IHE does not notify the lender, within 15 business days of the creditor's request for such certification, that it refuses to issue the certification or that it needs more time to comply with the request.

Requires private educational lenders to: (1) send loan statements to borrowers at least once every three months a student is enrolled at an IHE; (2) notify the relevant IHE, in writing, of the loan amount and the student to whom it applies

no later than the date funds are issued; and (3) submit an annual report to the CFPB containing information the CFPB requires concerning private student loans.

Amends the HEA to require IHEs, before providing lenders with certifications or notice of their refusal to do so, to determine whether students have exhausted their options for assistance under title IV (Student Assistance) of the HEA and notify borrowers of: (1) the availability of such assistance, (2) their ability to choose their own private educational lender, (3) the impact of the proposed private education loan on their eligibility for other financial assistance, and (4) their right to accept or reject a private education loan within 30 days of the lender's approval of their application and to cancel the loan within 3 business days of its consummation.

Prohibits an IHE from providing a private lender with a certification unless: (1) the loan provides the borrower with alternative repayment plans, including loan consolidation or refinancing; and (2) loan liability is cancelled upon the death or disability of the borrower or co-borrower.

Treats lenders that receive a certification from an IHE as being in a preferred lender arrangement with that IHE.

Actions Timeline

- **Jun 4, 2014:** Committee on Banking, Housing, and Urban Affairs Subcommittee on Financial Institutions and Consumer Protection. Hearings held. With printed Hearing: S.Hrg. 113-445.
- **Dec 11, 2013:** Introduced in Senate
- **Dec 11, 2013:** Read twice and referred to the Committee on Health, Education, Labor, and Pensions. (text of measure as introduced: CR S8669-8673)