

S 840

Student Loan Borrower Bill of Rights

Congress: 114 (2015–2017, Ended)

Chamber: Senate

Policy Area: Education

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Current Status: Read twice and referred to the Committee on Health, Education, Labor, and Pensions. (text of measure

Latest Action: Read twice and referred to the Committee on Health, Education, Labor, and Pensions. (text of measure as introduced: CR S1712-1716) (Mar 23, 2015)

Official Text: <https://www.congress.gov/bill/114th-congress/senate-bill/840>

Sponsor

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

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

Cosponsors (2 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Reed, Jack [D-RI]	D · RI		Mar 23, 2015
Sen. Warren, Elizabeth [D-MA]	D · MA		Mar 23, 2015

Committee Activity

Committee	Chamber	Activity	Date
Health, Education, Labor, and Pensions Committee	Senate	Referred To	Mar 23, 2015

Subjects & Policy Tags

Policy Area:

Education

Related Bills

Bill	Relationship	Last Action
114 S 3347	Related bill	Sep 15, 2016: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Sponsor introductory remarks on measure: CR S5845-5846; text of measure as introduced: CR S5846-5847)

Student Loan Borrower Bill of Rights

Amends the Truth in Lending Act to require postsecondary 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 postsecondary 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 postsecondary 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 postsecondary 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 postsecondary 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 such loans.

Provides that if such a borrower notifies a postsecondary educational lender that a long-term alternative repayment plan is not appropriate, the lender may provide the borrower with information about short-term options to address an anticipated short-term difficulty in making payments, such as forbearance or deferment options. Requires lenders to establish a process that enables borrowers to provide such notice.

Requires the Consumer Financial Protection Bureau (CFPB) to develop and issue model forms to allow borrowers to compare their postsecondary 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.

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 postsecondary 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 loan that bears the highest interest rate. Allows borrowers to voluntarily increase their periodic payment amount while maintaining the right to return to their original amortization schedule at any time. Requires servicers to provide borrowers with a simple, online method to do so.

Prohibits the imposition of a late fee:

- on a per-loan basis, if the borrower has multiple postsecondary education loans in a billing group;
- in an amount greater than 4% of the payment past due;
- before the end of the 15-day period beginning on the payment due date;
- more than once for a single late payment; and
- if the borrower fails to make a singular, non-successive regularly-scheduled payment.

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.

Establishes procedures student loan servicers are to follow in investigating and addressing borrower inquiries concerning perceived inaccuracies in borrower accounts.

Requires student loan servicers to designate a single point of contact for certain borrowers who: (1) are delinquent on their postsecondary education loan; (2) seek information regarding, seek to enter into an agreement for, or seek to resolve an issue under, a repayment option; or (3) seek to modify repayment terms due to hardship.

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, in default, 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 CFPB to promulgate rules requiring student loan servicers to establish error resolution procedures.

Prohibits any rights and remedies available to student loan borrowers from being waived by any agreement, policy, or form.

Requires the CFPB to issue rules requiring lenders and servicers of loans made, insured, or guaranteed under title IV (Student Assistance) of the Higher Education Act of 1965 (HEA) 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 obtaining such a discharge.

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.

Amends the Federal Family Education Loan (FFEL) program, under title IV of the HEA, 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.

Amends the Truth in Lending Act to require a lender, before issuing a postsecondary 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 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 postsecondary 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 private educational lenders with certifications or notice of their refusal to do so, to determine whether students have exhausted their options for assistance under title IV of the HEA and to 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.

Prohibits a servicer from marketing to the borrower of a title IV student loan that the servicer services a financial product or service using data obtained through the servicing relationship or otherwise during the servicing process.

Directs the Secretary to establish a program that allows borrowers under the William D. Ford Federal Direct Loan program to switch from the assigned servicer of their loan to a new servicer based on a random reassignment by the Secretary.

Directs the Secretary to establish a centralized point of access for all borrowers of title IV loans that are in repayment.

Actions Timeline

- **Mar 23, 2015:** Introduced in Senate
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