To amend the Higher Education Act of 1965 in order to increase usage of the Federal student loan income-based repayment plan and improve repayment options for borrowers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

April 3, 2019

Mr. Merkley (for himself, Ms. Stabenow, Mrs. Gillibrand, Ms. Baldwin, Mr. Blumenthal, Mr. Schatz, Mr. Cardin, Ms. Cortez Masto, Mr. Van Hollen, and Mr. Wyden) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Higher Education Act of 1965 in order to increase usage of the Federal student loan income-based repayment plan and improve repayment options for borrowers, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Affordable Loans for Any Student Act”.

(b) Table of Contents.—The table of contents for this Act is as follows:
Sec. 1. Short title; table of contents.
Sec. 2. References in Act.

TITLE I—SIMPLIFYING REPAYMENT PLANS

Sec. 101. Income-based repayment plan.
Sec. 102. Fixed repayment plan.
Sec. 103. Termination of certain repayment plan options.
Sec. 104. Providing incentives to switch into simplified repayment plans.
Sec. 105. Automatic recertification of income.
Sec. 106. Disclosure of tax return information to carry out certain higher education loan programs.
Sec. 107. Study and procedures on determining family size.

TITLE II—ENDING INTEREST CAPITALIZATION AND ORIGINATION FEES

Sec. 201. Ending interest capitalization for Federal Direct Loans.

TITLE III—PROVIDING ASSISTANCE IN SITUATIONS OF BORROWER DISTRESS

Sec. 301. Limits on seizing income for debt relating to Federal student loans.
Sec. 302. Allowing for multiple loan rehabilitations.
Sec. 303. Pause payment process.
Sec. 304. Automatic enrollment into income-based repayment for borrowers who are delinquent on loans and for borrowers who rehabilitate defaulted loans.
Sec. 305. Separating joint consolidation loans.
Sec. 306. Removing the collection cost requirement.

TITLE IV—IMPROVING LOAN INFORMATION AND COUNSELING

Sec. 401. Student loan contract; simplifying loan disclosures.
Sec. 402. Annual and pre-loan information and counseling requirements.
Sec. 403. Exit counseling.
Sec. 404. Online counseling tools.
Sec. 405. Private education loan certification and information.

TITLE V—EFFECTIVE DATE; TRANSITION

Sec. 501. Effective date; rulemaking regarding termination of certain repayment plans.

1 SEC. 2. REFERENCES IN ACT.

2 Except as otherwise expressly provided in this Act,
3 wherever an amendment or repeal is expressed in terms
4 of an amendment to or repeal of a section or other provi-
5 sion, the reference shall be considered to be made to that
section or other provision of the Higher Education Act of
1965 (20 U.S.C. 1001 et seq.).

TITLE I—SIMPLIFYING
REPAYMENT PLANS

SEC. 101. INCOME-BASED REPAYMENT PLAN.

(a) Simplifying the Income-Based Repayment
Plan.—Section 493C (20 U.S.C. 1098e) is amended—

(1) in subsection (b)—

(A) by striking “INCOME-BASED REPAY-
MENT PROGRAM AUTHORIZED.—” and insert-
ing the following: “INCOME-BASED REPAY-
MENT PROGRAM FOR BORROWERS WHO ENTER IN-
COME-BASED REPAYMENT BEFORE JULY 1, 2020.—”;

(B) in paragraph (3)(A), by striking “ex-
cept that” and all that follows through “section
435(o)”;

(C) in paragraph (8), by striking “the
standard repayment plan;” and inserting “the
fixed repayment plan under section 493E;”;

(2) by striking subsection (c) and inserting the
following:

“(c) INCOME-BASED REPAYMENT PROGRAM FOR
NEW LOANS ON AND AFTER JULY 1, 2020, AND FOR
BORROWERS WHO ENTER INCOME-BASED REPAYMENT AFTER JULY 1, 2020.—

“(1) IN GENERAL.—Notwithstanding any other provision of this section, the provisions of this subsection shall apply—

“(A) with respect to any loan made, insured, or guaranteed under part B or D on or after July 1, 2020, for which the borrower elects the income-based repayment plan under this section; and

“(B) with respect to any loan made, insured, or guaranteed under part B or D before July 1, 2020, if such borrower elects to repay the loan under the income-based repayment plan on or after July 1, 2020, in accordance with paragraph (3) and section 428(b)(1)(D)(ii) or 455(d)(7), as applicable.

“(2) SPECIAL TERMS.—With respect to a loan described in paragraph (1), the following terms shall apply to the income-based repayment plan carried out under this section:

“(A)(i) Notwithstanding subsection (a)(3)(B), (b), or (e)—

“(I) the annual repayment amount under this subsection shall be an amount
equal to 10 percent of the result obtained
by calculating, on at least an annual basis,
the amount by which—

“(aa) the borrower’s, and the
borrower’s spouse’s (if applicable), ad-
justed gross income; exceeds

“(bb) the applicable percentage
of the poverty line in accordance with
clause (ii) that is applicable to the
borrower’s family size as determined
under section 673(2) of the Commu-

nity Services Block Grant Act (42
U.S.C. 9902(2)); and

“(II) a borrower’s monthly payment
shall be determined in accordance with
subclause (I) divided by 12, which amount
may exceed the monthly repayment
amount under a standard 10-year repay-
ment plan or a fixed repayment plan de-
described in section 493E.

“(ii) For purposes of clause (i), the term
‘applicable percentage’ means 250 percent re-
duced by 5 percentage points for each $1,000
by which the borrower’s adjusted gross income
exceeds $120,000.
“(B) Notwithstanding subsection (e)(2), subsection (b)(7)(B) shall be applied by substituting ‘20 years’ for ‘25 years’.

“(C) Notwithstanding subparagraph (A) of subsection (b)(6), a borrower of such a loan shall not be required to have a partial financial hardship and may elect, and remain enrolled in, the income-based repayment plan under this section regardless of income level, with the repayment amount calculated under subparagraph (A).

“(D) Notwithstanding subsection (b), a borrower of an excepted PLUS loan or excepted consolidation loan may elect the income-based repayment plan under this subsection for the excepted PLUS loan or excepted consolidation loan, and the Secretary shall treat such loan for purposes only of the repayment terms as a Federal Direct PLUS Loan issued to a student borrower. The Secretary may issue rules and regulations, as the Secretary determines necessary, regarding the treatment of excepted PLUS loans or excepted consolidation loans that are to be repaid under an income-based repayment plan under this subsection.
“(3) Rule for borrowers in income-based repayment before July 1, 2020.—A borrower of a loan made, insured, or guaranteed under part B or D who enrolled in the income-based repayment plan under subsection (b), as such plan was in effect on July 1, 2020, may choose to retain such repayment plan or elect to enter an income-based repayment plan under this subsection or a fixed repayment plan described in section 493E, as provided in section 428(b)(1)(D)(ii) or 455(d)(7) (as applicable).

“(4) Interest payments and accrual.—Notwithstanding any other provision of this Act, if a borrower’s monthly payment for a loan under an income-based repayment plan under this subsection is insufficient to pay the accrued interest on the borrower’s loan for such month—

“(A) in the case of a subsidized loan (including the portion of a consolidated loan that is a subsidized loan), any interest due and not paid under subsection (b)(2) on the subsidized loan for that month shall be paid or forgiven by the Secretary, except that a borrower of a subsidized loan shall only receive the benefits of this subparagraph for such loan for 36 months of payments under the income-based repayment
plan, excluding any period of pause payment
under section 460B; and

“(B) in the case of an unsubsidized loan or
a subsidized loan that no longer qualifies under
subparagraph (A), 50 percent of the interest
not covered by the borrower’s monthly payment
shall be paid or forgiven by the Secretary and
the amount of the remaining interest shall be
added to the balance of interest due on the
loan, but shall not be capitalized.

“(5) Written, electronic, or verbal enroll-
ment in income-based repayment.—

“(A) In general.—A borrower of a loan
made under this part may elect to repay such
loan under the income-based repayment plan
under this subsection by providing written, elec-
tronic, or verbal notice to the Secretary of the
borrower’s desire to make such election, subject
to subparagraph (C).

“(B) Use of information.—

“(i) In general.—The estimated
monthly payment amount under this sec-
tion for a loan for a borrower who makes
an election described in subparagraph (A)
shall be immediately calculated using the
income and family size information provided through the borrower’s written, electronic, or verbal statement.

“(ii) VERIFICATION.—The information described in clause (i) shall be verified by the Secretary not later than 90 days after the date the borrower states such income and family size information. If the Secretary is unable to verify the information by the end of the 90-day period, the borrower’s payment after such 90-day period will be the amount applicable under the fixed repayment plan under section 493E.

“(iii) ADJUSTMENT IF NECESSARY.—Upon verification by the Secretary under clause (ii), the Secretary shall adjust the estimated monthly payment described in clause (i) based on the verified income and family size information of the borrower, if necessary. Any adjusted monthly payment shall take effect beginning with the payment due not less than 60 days after the Secretary notifies the borrower of the adjusted amount. The Secretary shall con-
sider any payments made prior to the ad-
justed monthly payment as having satisfied
the amount due to qualify toward loan can-
cellation or forgiveness options under this
title.

“(C) LIMITATION.—The Secretary shall
permit a borrower to make an election of in-
come-based repayment in the written, elec-
tronic, or verbal manner described in subpara-
graph (A) only in connection with the first in-
stance of each of the following:

“(i) The borrower’s selection of a re-
payment plan during the grace period for
such loan.

“(ii) The borrower changing from the
fixed repayment plan under section 493E
to income-based repayment.

“(iii) The borrower’s failure to com-
plete the verification process described in
subparagraph (B)(ii).

“(iv) The borrower’s failure to reer-
certify enrollment in income-based repayment
under this subsection.”.
(b) INCLUDING INCOME OF SPOUSES.—Subsection (d) of section 493C (20 U.S.C. 1098e(d)) is amended to read as follows:

“(d) CALCULATION OF ADJUSTED GROSS INCOME FOR MARRIED BORROWERS.—The Secretary shall calculate the adjusted gross income of a married borrower under this section—

“(1) in the case of a married borrower and spouse who jointly file a Federal income tax return, based on the adjusted gross income of the borrower and spouse as reported on the Federal income tax return; and

“(2) in the case of a married borrower who files a Federal income tax return separately from the borrower’s spouse, based on the sum of the adjusted gross income of the borrower and the spouse, as reported on the applicable Federal income tax returns, unless the borrower certifies, on a form approved by the Secretary, that the borrower is—

“(A) separated from the borrower’s spouse; or

“(B) unable to reasonably access the income information of the borrower’s spouse.”.
SEC. 102. FIXED REPAYMENT PLAN.

Part G of title IV (20 U.S.C. 1088 et seq.) is amended by adding at the end the following:

“SEC. 493E. FIXED REPAYMENT PLAN.

“(a) IN GENERAL.—A borrower of a loan made under part D on or after July 1, 2020, and a borrower who is in repayment on a loan made, insured, or guaranteed under part B or D before July 1, 2020, may elect to repay such loan under the fixed repayment plan described in this section.

“(b) FIXED REPAYMENT PLAN.—Under the fixed repayment plan, a borrower shall repay each loan described in subsection (a) with a fixed monthly repayment amount paid over a period of 10 years, subject to subsection (c).

“(c) SPECIAL RULES.—

“(1) MINIMUM.—If a borrower’s monthly payment under this section (except for the final payment on the loan) is less than $25, the Secretary shall establish the borrower’s monthly payment as $25.

“(2) ALTERNATIVE MINIMUM PAYMENTS.—Notwithstanding paragraph (1), the Secretary may accept an alternative minimum payment amount, which may include an amount of less than $25, to account for a borrower’s exceptional circumstances.”.
SEC. 103. TERMINATION OF CERTAIN REPAYMENT PLAN OPTIONS.

(a) FFEL PROGRAM REPAYMENT PLAN OPTIONS.—

Section 428(b) (20 U.S.C. 1078(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (D)—

(i) in clause (ii), by striking “may annually change the selection of a repayment plan under this part,” and inserting “may at any time after July 1, 2020, change the selection of a repayment plan under this part or part G to one of the 2 repayment plans described in paragraph (9)(C),”; and

(ii) in clause (iii), by inserting “or, in the case of a default that occurs after July 1, 2020, be subject to income-based repayment in accordance with section 493C(c)” before the semicolon at the end;

(B) in subparagraph (E)(i), by striking “the option of repaying the loan in accordance with a standard, graduated, income-sensitive, or extended repayment schedule (as described in paragraph (9)) established by the lender in accordance with regulations of the Secretary; and” and inserting “the option of repaying the loan in accordance with a standard, graduated, income-sensitive, or extended repayment schedule (as described in paragraph (9)) established by the lender in accordance with regulations of the Secretary; and”.

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loan in accordance with an applicable repay-
ment plan described in paragraph (9)(C)”; and

(C) by striking subparagraph (L); and

(2) in paragraph (9)—

(A) in subparagraph (A)—

(i) in the subparagraph heading, by
inserting “BEFORE JULY 1, 2020” after
“SELECTION”; and

(ii) in the matter preceding clause

(i)—

(I) by inserting “or subparagraph
(C), as applicable,” after “this sub-
paragraph”; and

(II) by striking “The borrower”
and inserting “Before July 1, 2020,
the borrower”; and

(B) in subparagraph (B), by inserting be-
fore the period at the end “or, for a borrower
entering repayment after July 1, 2020, the
lender shall provide the borrower with the fixed
repayment plan described in section 493E”; and

(C) by adding at the end the following:

“(C) SELECTION OF REPAYMENT PLANS
ON AND AFTER JULY 1, 2020.—Notwithstanding
any other provision of law, and in accordance with regulations promulgated, beginning on July 1, 2020, a lender shall offer a borrower of a loan made, insured, or guaranteed under this part the opportunity to change repayment plans at any time after July 1, 2020, and then not more than once per calendar year thereafter. The borrower may choose between the following repayment plans:

“(i) A fixed repayment plan described in section 493E.

“(ii) The income-based repayment plan under section 493C(c).”.

(b) FEDERAL DIRECT LOAN PROGRAM REPAYMENT PLAN OPTIONS.—Section 455(d) (20 U.S.C. 1087e(d)) is amended—

(1) by redesignating paragraphs (2) through (5) as paragraphs (3) through (6), respectively;

(2) in paragraph (1)—

(A) in the paragraph heading, by inserting “BEFORE JULY 1, 2020” after “SELECTION”; and

(B) in the matter preceding subparagraph (A), by inserting “that enters repayment before July 1, 2020,” before “a variety”;
(3) by inserting after paragraph (1) the fol-
lowing:

“(2) DESIGN AND SELECTION BEGINNING JULY
1, 2020.—

“(A) IN GENERAL.—Notwithstanding para-
graph (1), for any borrower of a loan made
under this part that enters repayment on or
after July 1, 2020, and for any borrower sub-
ject to paragraph (7), the Secretary shall offer
the borrower a choice between the following 2
plans for repayment of such loan, including
principal and interest on the loan. The borrower
may choose—

“(i) a fixed repayment plan described
in section 493E; or

“(ii) an income-based repayment plan
under section 493C(c).

“(B) ACCELERATION.—A borrower in re-
payment shall be entitled to accelerate, without
penalty, repayment on the borrower’s loans
under this part.

“(C) SELECTION BY THE SECRETARY.—If
a borrower of a loan made under this part that
enters repayment on or after July 1, 2020, does
not select a repayment plan described in sub-
paragraph (A) before the first payment on such loan is due, the Secretary shall provide the borrower with a fixed repayment plan described in section 493E.

“(D) CHANGES IN SELECTIONS.—A borrower of a loan made under this part that enters repayment or on after July 1, 2020, may change the borrower’s selection of a repayment plan in accordance with subparagraphs (B) and (C) of paragraph (7).

“(E) BORROWER IN DEFAULT.—Beginning on July 1, 2020, in lieu of the requirements of paragraph (6), the Secretary may require any borrower who has defaulted on a loan made under this part on or after July 1, 2020, to repay the loan pursuant to an income-based repayment plan under section 493C(c).”; and

(4) by adding at the end the following:

“(7) BORROWERS OF LOANS MADE BEFORE JULY 1, 2020.—A borrower who is in repayment on a loan made under this part before July 1, 2020—

“(A) may choose to retain the repayment plan that the borrower was enrolled in on the day before such date;

“(B) may elect to—
“(i) enter an income-based repayment plan under section 493C(e);
“(ii) enter a fixed repayment plan described in section 493E; or
“(iii) switch between the repayment plans described in clauses (i) and (ii);
“(C) after switching to a repayment plan described in clause (i) or (ii) of subparagraph (B), shall not be permitted to select a repayment plan not described in subparagraph (B) for the loan; and
“(D) shall retain, for purposes of repayment or cancellation of any outstanding balance of principal and interest due on a loan (as described in section 493C(b)(7)), any payments on such loan under another income-based or income contingent repayment plan under this title that would otherwise be qualifying.”.

(c) Conforming Amendment.—Section 433(b)(7)(B) (20 U.S.C. 1083(b)(7)(B)) is amended by striking “on a standard repayment plan” and inserting “, in the case of a borrower who has not selected a repayment plan, on the repayment plan designated under subparagraph (B) of section 428(b)(9)”.
SEC. 104. PROVIDING INCENTIVES TO SWITCH INTO SIMPLIFIED REPAYMENT PLANS.

(a) Enabling Consolidation in Order to Simplify Repayment.—Section 455(g) (20 U.S.C. 1087e(g)) is amended—

(1) by striking “LOANS.—” and all that follows through “A borrower of” and inserting the following:

“LOANS.—

“(1) IN GENERAL.—A borrower of”;

(2) by striking the second sentence; and

(3) by adding at the end the following:

“(2) ELIGIBILITY.—To be eligible for a Federal Direct Consolidation Loan under this part, a borrower shall meet the eligibility criteria set forth in section 428C(a)(3), except that, notwithstanding section 428C(a)(3)(B), a borrower may obtain a Federal Direct Consolidation Loan if the borrower—

“(A) obtains the Federal Direct Consolidation Loan for the purpose of—

“(i) selecting the income-based repayment plan under section 493C(e) or fixed-income repayment plan under section 495E; or

“(ii) participating in the pause payment process under section 460B; and
“(B) meets the requirements of section 428C(a)(3)(A).”.

(b) INCENTIVES FOR SIMPLIFIED REPAYMENT PLANS.—Part G of title IV (20 U.S.C. 1088 et seq.), as amended by section 102, is further amended by adding at the end the following:

“SEC. 493F. INCENTIVES FOR SIMPLIFIED REPAYMENT PLANS.

“(a) IN GENERAL.—To facilitate the transition of borrowers to simplified repayment plan options, the Secretary shall reduce the interest rate applicable under section 455(b) or 427A to a loan under part B or D held by a borrower as of July 1, 2020, by 100 basis points (or the equivalent), if the borrower of the loan, after the effective date of the Affordable Loans for Any Student Act—

“(1) changes from a repayment plan described in subparagraphs (A) through (E) of section 455(d)(1) for such loan to an income-based repayment plan under section 493C(c) or a fixed repayment plan under section 493E; or

“(2) consolidates 1 or more loans under this title, or described in section 428C(a)(4), that were under a repayment plan described in subparagraphs (A) through (E) of section 455(d)(1), or clauses (i)
through (v) of section 428(b)(9), into a Federal Direct Consolidation Loan and selects an income-based repayment plan under section 493C(c) or a fixed repayment plan under section 493E for the loan.

“(b) LIMITATION.—The interest rate for a loan eligible for the incentive under subsection (a) may be reduced only once under this section.

“(c) REGULATIONS.—The Secretary shall promulgate rules carrying out the incentive program established under this section.”.

SEC. 105. AUTOMATIC RECERTIFICATION OF INCOME.

(a) INCOME-BASED REPAYMENT.—Section 493C of the Higher Education Act of 1965 (20 U.S.C. 1098e) is amended by adding at the end the following:

“(f) ELIGIBILITY DETERMINATIONS AND AUTOMATIC RECERTIFICATION.—

“(1) IN GENERAL.—Beginning as soon as the Secretary determines practicable after the Secretary finalizes the procedures under section 107 of the Affordable Loans for Any Student Act, the Secretary shall establish and implement, with respect to any borrower described in paragraph (2), procedures to—

“(A) obtain (for each year of repayment and without further action by the borrower)
such information as is reasonably necessary regard-
ing the income of such borrower (and the
borrower’s spouse, if applicable), for the pur-
purpose of determining the repayment obligation of
the borrower for such year, including informa-
tion with respect to the borrower’s family size
in accordance with the procedures under such
section 107, subject to subparagraph (B);

“(B) allow the borrower, at any time, to
opt out of subparagraph (A) and prevent the
Secretary from obtaining information under
such subparagraph without further action by
the borrower;

“(C) provide the borrower with an oppor-
tunity to update the information obtained under
subparagraph (A) before the determination of
the annual repayment obligation of the bor-
rower; and

“(D) in the case of a borrower for whom
adjusted gross income is unavailable (except as
provided in paragraph (2)(B)), ensure that the
borrower will not be required to provide the
Secretary with other documentation of income
and provide the borrower with a calculated
monthly payment of $0.
“(2) APPLICABILITY.—

“(A) IN GENERAL.—Paragraph (1) shall apply to each borrower of a loan made under this part who, on or after the date on which the Secretary establishes procedures under such paragraph—

“(i) selects, or for whom the Secretary selected under subparagraphs (C) or (D) of paragraph (8), or paragraph (9), of subsection (d), or section 428(m)(1), an income-based repayment plan; or

“(ii) recertifies income and family size under such plan.

“(B) ELIGIBILITY EXCEPTION.—A borrower for whom adjusted gross income is unavailable because the borrower has been granted an extension on filing the borrower’s income taxes or is undergoing an audit or examination by the Internal Revenue Service shall not automatically be eligible for the calculated monthly payment of $0 in accordance with paragraph (1)(D) during such period. When the extension, audit, or examination is completed, the Secretary shall resume consideration of the borrower for automatic recertification under the
procedures described in paragraph (1), including subparagraph (D) of such paragraph (if applicable).

“(3) Availability of returns and return information.—Returns and return information (as defined in section 6103 of the Internal Revenue Code of 1986) may be obtained under paragraph (1)(A) only to the extent authorized by section 6103(l)(13) of such Code.”.

(b) Income-Contingent Repayment.—Section 455(e) of the Higher Education Act of 1965 (20 U.S.C. 1087e(e)) is amended—

(1) in paragraph (3), by inserting “, consistent with the procedures established under paragraph (8)(B)(iv)” before the period at the end; and

(2) by adding at the end the following:

“(8) Automatic recertification.—

“(A) In general.—Beginning as soon as the Secretary determines practicable after the Secretary finalizes the procedures under section 107 of the Affordable Loans for Any Student Act, the Secretary shall establish and implement procedures that allow the automatic recertification of income with respect to borrowers described in subparagraph (B). Such proce-
dures shall, to the extent practicable, be the same procedures described in section 493C(f).

“(B) APPLICABILITY.—Subparagraph (A) shall apply to each borrower of a loan made under this part—

“(i) who, on or after the date on which the Secretary establishes procedures under such subparagraph, applies to recertify income and family size under such plan; or

“(ii) for whom the Secretary selected an income-contingent repayment plan under section 428(m)(1).

“(C) AVAILABILITY OF RETURNS AND RETURN INFORMATION.—Returns and return information (as defined in section 6103 of the Internal Revenue Code of 1986) may be obtained under subparagraph (A) only to the extent authorized by section 6103(l)(13) of such Code.

“(D) OTHER REQUIREMENTS.—The procedures established by the Secretary under this paragraph shall be consistent with the requirements of paragraphs (1) through (7), except as otherwise provided in this paragraph.”.
SEC. 106. DISCLOSURE OF TAX RETURN INFORMATION TO CARRY OUT CERTAIN HIGHER EDUCATION LOAN PROGRAMS.

(a) In General.—Paragraph (13) of section 6103(l) of the Internal Revenue Code of 1986 is amended to read as follows:

“(13) Disclosure of return information to carry out the Higher Education Act of 1965.—

“(A) Income-contingent or income-based repayment and total and permanent disability discharge.—The Secretary shall, upon written request from the Secretary of Education, disclose to officers, employees, and contractors of the Department of Education, as specifically authorized and designated by the Secretary of Education, only for the purpose of (and to the extent necessary in) establishing, renewing, administering, and conducting analyses and forecasts for estimating costs related to income-contingent or income-based repayment programs, and the discharge of loans based on a total and permanent disability (within the meaning of section 437(a) of the Higher Education Act of 1965), under title IV of the Higher Education Act of 1965, the
following return information (as defined in subsection (b)(2)) with respect to taxpayers identified by the Secretary of Education as participating in the loan programs under title IV of such Act, for taxable years specified by such Secretary:

“(i) Taxpayer identity information with respect to such taxpayer.

“(ii) The filing status of such taxpayer.

“(iii) Type of tax return from which the return information is provided.

“(iv) The adjusted gross income of such taxpayer.

“(v) Total number of exemptions claimed, or total number of individuals and dependents claimed, as applicable, on the return.

“(vi) Number of children with respect to which tax credits under section 24 are claimed on the return.

“(vii) Other information determined to be necessary by agreement between the Secretary and the Secretary of Education to administer the Federal financial aid pro-
grams as required by the Higher Education Act of 1965.

“(B) FEDERAL STUDENT FINANCIAL AID.—The Secretary shall, upon written request from the Secretary of Education, disclose to officers, employees, and contractors of the Department of Education, as specifically authorized and designated by the Secretary of Education, only for the purpose of (and to the extent necessary in) determining eligibility for, and amount of, Federal student financial aid under programs authorized by title IV of the Higher Education Act of 1965 and conducting analyses and forecasts for estimating costs related to such programs, the following return information (as defined in subsection (b)(2)) with respect to taxpayers identified by the Secretary of Education as applicants for Federal student financial aid under title IV of such Act, for taxable years specified by such Secretary:

“(i) Taxpayer identity information with respect to such taxpayer.

“(ii) The filing status of such taxpayer.
“(iii) Type of tax return from which the return information is provided.

“(iv) The adjusted gross income of such taxpayer.

“(v) The amount of any net earnings from self-employment (as defined in section 1402), wages (as defined in section 3121(a) or 3401(a)), and taxable income from a farming business (as defined in section 236A(e)(4)) for the period reported on the return.

“(vi) The total income tax of such taxpayer.

“(vii) Total number of exemptions claimed, or total number of individuals and dependents claimed, as applicable, on the return.

“(viii) Number of children with respect to which tax credits under section 24 are claimed on the return.

“(ix) Amount of any credit claimed under section 25A for the taxable year.

“(x) Amount of individual retirement account distributions not included in adjusted gross income for the taxable year.
“(xii) The amount of tax-exempt interest.

“(xiii) Amounts from retirement pensions and annuities not included in adjusted gross income for the taxable year.

“(xiv) If applicable, the fact that there is no return filed for such taxpayer for the applicable year.

“(xv) Other information determined to be necessary by agreement between the Secretary and the Secretary of Education to administer the Federal financial aid programs as required by the Higher Education Act of 1965.

“(C) RESTRICTION ON USE OF DISCLOSED INFORMATION.—

“(i) IN GENERAL.—Return information disclosed under subparagraphs (A) and (B) may be used by officers, employees, and contractors of the Department of
Education, as specifically authorized and designated by the Secretary of Education, only for the purposes and to the extent necessary described in such subparagraphs and for mitigating risks (as defined in clause (ii)) relating to the programs described in such subparagraphs.

“(ii) MITIGATING RISKS.—For purposes of this subparagraph, the term ‘mitigating risks’ means, with respect to the programs described in subparagraphs (A) and (B)—

“(I) analyzing or estimating costs associated with potential changes to the need-analysis formula,

“(II) oversight activities by the Office of Inspector General of the Department of Education as authorized by the Inspector General Act of 1978, as amended,

“(III) developing or administering statistical models that inform support to populations of Federal student loan borrowers who are at risk of default or delinquency,
“(IV) reducing the net cost of improper payments to Federal financial aid recipients, and

“(V) producing aggregate statistics for reporting, research, or consumer information on the performance of programs or institutions of higher education participating in the programs under title IV of the Higher Education Act of 1965.

Such term does not include the conduct of criminal investigations or prosecutions.

“(iii) Redisclosure to Institutions of Higher Education, State Higher Education Agencies, and Designated Scholarship Organizations.—The Secretary of Education, and officers, employees, and contractors of the Department of Education, may disclose return information received under subparagraph (B), solely for the use in the application, award, and administration of Federal student financial aid, State aid, or aid awarded by eligible institutions or such entities
as the Secretary of Education may designate, to the following persons:

“(I) An institution of higher education with which the Secretary of Education has an agreement under subpart 1 of part A, or part D or E, of title IV of the Higher Education Act of 1965.

“(II) A State higher education agency.

“(III) A scholarship organization which is designated by the Secretary of Education as of the effective date of the Affordable Loans for Any Student Act as an organization eligible to receive the information provided under this clause.

The preceding sentence shall only apply to the extent that the taxpayer with respect to whom the return information relates provides consent for such disclosure to the Secretary of Education as part of the application for Federal student financial aid under title IV of the Higher Education Act of 1965.
“(D) Required notification periods.—

“(i) Notification to Congress.—

The Secretary and the Secretary of Education shall issue joint notifications to the Committees on Finance and Health, Education, Labor, and Pensions of the Senate and the Committees on Ways and Means and Education and Labor of the House of Representatives not less than 120 days prior to the first disclosure of any type of return information under subparagraph (A)(vii) or (B)(xv) with respect to which such a notification has not been previously made.

“(ii) Public notice and comment.—There shall be a public notice and comment period beginning not less than 60 days prior to the first disclosure of any type of return information under subparagraph (A)(vii) or (B)(xv) with respect to which such a notification has not been previously made, subsequent to the period allotted for Congressional comment under clause (i).”.
(b) CONFIDENTIALITY OF RETURN INFORMATION.—

Section 6103(a)(3) of such Code is amended by inserting ``(13)(A), (13)(B)'' after ``(12)''.

(c) CONFORMING AMENDMENTS.—Section 6103(p)(4) of such Code is amended—

(1) by inserting ``(A), (13)(B)'' after ``(13)'' each place it occurs; and

(2) by inserting ``(, (13)(A), (13)(B)'' after ``(l)(10)'' each place it occurs.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to disclosures made under section 6103(l)(13) of the Internal Revenue Code of 1986 (as amended by this section) after the date of the enactment of this Act.

(e) IN GENERAL.—Part G of title IV of the Higher Education Act of 1965 (20 U.S.C. 1088 et seq.) is amended by adding at the end the following:

“SEC. 494. NOTIFICATION OF REQUEST FOR TAX RETURN INFORMATION.

“The Secretary shall advise students and borrowers who submit an application for Federal student financial aid under this title or for the discharge of a loan based on permanent and total disability, as described in section 437(a), or who request an income-contingent or income-based repayment plan on their loan (as well as parents
and spouses who sign such an application or request or a Master Promissory Note on behalf of those students and borrowers) that the Secretary has the authority to request that the Internal Revenue Service disclose their tax return information (as well as that of parents and spouses who sign such an application or request or a Master Promissory Note on behalf of those students and borrowers) to officers, employees, and contractors of the Department of Education as authorized under section 6103(1)(13) of the Internal Revenue Code of 1986, to the extent necessary for the Secretary to carry out this title.”.

(f) CONFORMING AMENDMENT.—Section 484(q) of the Higher Education Act of 1965 (20 U.S.C. 1091(q)) is amended to read as follows:

[“(q) reserved”.]

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to disclosures made after the date of enactment of this Act.

SEC. 107. STUDY AND PROCEDURES ON DETERMINING FAMILY SIZE.

(a) IN GENERAL.—The Secretary of Education, acting jointly with the Secretary of the Treasury, shall—

(1) not later than 1 year after the date of enactment of this Act, publish, in the Federal Register, notice of the Secretary’s intent to conduct a study
on the effect of using data from the Internal Revenue Service such as personal exemptions, filing status, or child tax credits, as proxies for family size in an income-driven repayment plan, and invite public comment regarding the study;

(2) after reviewing any public comments provided under paragraph (1), conduct the study and publish the results of the study in the Federal Register;

(3) use the results of the study conducted under paragraph (1) to develop procedures for determining family size for the automatic recertification of income for an income-driven repayment plan in a manner that minimizes burdens and unintended harm to borrowers;

(4) publish the procedures developed under paragraph (3) in the Federal Register; and

(5) after a notice and comment period on such procedures, use such comments to finalize the procedures.

(b) Specifications.—The study conducted under subsection (a) shall—

(1) be completed, with the results published pursuant to subsection (a)(2), not later than 3 years after the date of enactment of this Act;
(2) determine how closely personal exemptions, filing status, or child tax credits match the family size that borrowers report on their income-driven repayment plan request form;

(3) compare the borrower’s actual monthly payment amount with the monthly payment amount borrowers would have using family size information derived from tax returns;

(4) include data from tax year 2018 or later tax years; and

(5) use data from more than one year, where possible, to analyze how much family size changes over time.

(e) Definition.—The term “income-driven repayment plan” has the meaning given the term in section 6103(l)(13)(F) of the Internal Revenue Code of 1986, as amended by section 106.

TITLE II—ENDING INTEREST CAPITALIZATION AND ORIGINATION FEES

SEC. 201. ENDING INTEREST CAPITALIZATION FOR FEDERAL DIRECT LOANS.

(a) In General.—Section 455 (20 U.S.C. 1087e) is amended—

(1) in subsection (b)—
(A) in the subsection heading, by inserting “AND PRACTICES” after “RATE”; and

(B) by adding at the end the following:

“(11) INTEREST PRACTICES.—

“(A) IN GENERAL.—Beginning on the effective date of the Affordable Loans for Any Student Act, interest on a loan made under this part shall accrue and only be added to the balance of interest due on the loan, and shall not ever be capitalized.

“(B) NO CAPITALIZATION OF INTEREST DURING IN-SCHOOL OR GRACE PERIODS.—

“(i) IN GENERAL.—Beginning on the effective date of the Affordable Loans for Any Student Act, interest on loans made under this part for which payments of principal are not required during the in-school and grace periods or for which payments are deferred in accordance with sections 427(a)(2)(C) and 428(b)(1)(M) shall accrue and be added to the balance of interest due from the borrower when the loan enters repayment, but shall not ever be capitalized.
“(ii) NOTICE REQUIREMENT.—The Secretary shall adjust any forbearance notice required in accordance with section 428(a)(3)(A)(iii) to reflect the availability of the pause payment process pursuant to section 460B and the treatment of interest under such section.

“(C) LIMITED RETROACTIVITY.—For a borrower of a loan made under this part on or before the effective date of the Affordable Loans for Any Student Act that is in a status, on the day before such effective date, that involves interest capitalization, such loan shall have capitalization pro-rated to the effective date of such Act, but shall not be subject to further capitalization after the effective date of such Act.”;

(2) in subsection (e)(5)—

(A) by inserting “(which, beginning after the effective date of the Affordable Loans for Any Student Act, shall not be capitalized)” after “accrued interest”; and

(B) by striking the second sentence; and

(3) in subsection (q)(2), by striking the second sentence and inserting the following: “Such interest
shall be paid or shall accrue but not be capitalized in accordance with subsection (b)(11)(B).”.

(b) **INCOME-BASED REPAYMENT PLANS.**—Paragraph (3)(B) of section 493C(b) (20 U.S.C. 1098e(b)(3)(B)) is amended to read as follows:

“(B)(i) beginning on the effective date of the Affordable Loans for Any Student Act, for an eligible loan issued under part D or not otherwise described in clause (ii), shall not be capitalized and shall be added to the balance of interest due for the loan; and

“(ii) for an eligible loan made, insured, or guaranteed under part B and held by a private lender, shall be added to the principal amount and capitalized at the time the borrower—

“(I) ends the election to make income-based repayment under this subsection; or

“(II) begins making payments of not less than the amount specified in paragraph (6)(A);”.

**SEC. 202. ELIMINATION OF ORIGINATION FEES FOR FEDERAL DIRECT LOANS.**

(a) **REPEAL OF ORIGINATION FEES.**—Subsection (c) of section 455 (20 U.S.C. 1087e(c)) is repealed.
(b) Effective Date.—The amendment made by subsection (a) shall apply with respect to loans made under part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) for which the first disbursement of principal is made, or, in the case of a Federal Direct Consolidation Loan, the application is received, on or after July 1, 2020.

TITLE III—PROVIDING ASSISTANCE IN SITUATIONS OF BORROWER DISTRESS

SEC. 301. LIMITS ON SEIZING INCOME FOR DEBT RELATING TO FEDERAL STUDENT LOANS.

Part D of title IV (20 U.S.C. 1087a et seq.) is amended by adding at the end the following:

“SEC. 460A. LIMITS ON SEIZING INCOME FOR DEBT RELATING TO FEDERAL STUDENT LOANS.

“(a) Definitions.—In this section—

“(1) the term ‘adjusted gross income’ has the meaning given the term in section 62 of the Internal Revenue Code of 1986; and

“(2) the term ‘poverty line’ means the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant
Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

“(b) LIMITATION ON COLLECTION.—

“(1) IN GENERAL.—Notwithstanding any other provision of law, any entity engaged in the collection of debts relating to loans made under this title may not take any action to cause, or seek to cause, the collection of such a debt that is taken from the wages, Federal benefits, or other amounts due to a borrower through garnishment, deduction, offset, or seizure in an amount on a monthly basis that is more than the amount described in paragraph (2).

“(2) CALCULATION.—The amount described in this paragraph is the amount obtained by calculating what the monthly repayment amount would be for loans made under this title, with respect to the borrower, under the income-based repayment plan under section 493C(c).

“(3) PRESUMPTION.—For purposes of this section, if an entity described in paragraph (1) is unable to determine the family size of a borrower after taking reasonable steps to collect the information necessary to do so, that person shall presume that the family size of the borrower is 1 individual.
“(c) Communications.—Any communication by an entity described in subsection (b)(1) that is for the purpose of seizing income of a consumer for debt that relates to a loan made under this title shall—

“(1) be considered—

“(A) an attempt to collect a debt; and

“(B) conduct in connection with the collection of a debt for the purposes of this title; and

“(2) contain a notice to the borrower that, consistent with the procedures for rehabilitating a loan pursuant to section 428F(a) or consolidating loans out of default as described in section 428C(a)(3)(B)(i)(V), the borrower may exit default and reenter current repayment status (as defined in section 428(l)(2)(C)) with a similar monthly payment amount on an income-based repayment plan under section 493C(c) and thereby obtain the full flexibility and benefits of such status, including the ability to adjust family size and make qualifying payments for purposes of repayment or cancellation of any outstanding balance of principal and interest due on a loan (as described in section 493C(b)(7)).

“(d) Remedies.—

“(1) First Tier.—The Secretary may impose a civil penalty on an entity for a violation of this sec-

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tion not to exceed $5,000 for each day during which such violation continues.

“(2) SECOND TIER.—Notwithstanding paragraph (1), the Secretary may impose a civil penalty on an entity that recklessly engages in a violation of this section not to exceed $25,000 for each day during which such violation continues.

“(3) THIRD TIER.—Notwithstanding paragraphs (1) and (2), the Secretary may impose a civil penalty on an entity that knowingly violates this section not to exceed $1,000,000 for each day during which such violation continues.

“(4) NO EXEMPLARY OR PUNITIVE DAMAGES.—Nothing in this subsection shall be construed as authorizing the imposition of exemplary or punitive damages.

“(5) ENTITIES SUBJECT TO PENALTY.—An entity subject to a penalty under this subsection may include a contractor or agent of the Department.”.

SEC. 302. ALLOWING FOR MULTIPLE LOAN REHABILITATIONS.

(a) FFEL LOANS.—Section 428F(a)(5) (20 U.S.C. 1078–6(a)(5)) is amended by striking “one time per loan” and inserting “2 times per loan”.

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(b) **DIRECT LOANS.**—Section 455(d) (20 U.S.C. 1087e(d)), as amended by section 103, is further amended by adding at the end the following:

“(8) **LOAN REHABILITATION.**—In carrying out the process for loan rehabilitation described in section 428F(a)(5) with respect to loans made under this part and in accordance with subsection (a), the Secretary shall allow a borrower to obtain the benefits available under such section not more than 2 times per loan.”.

**SEC. 303. PAUSE PAYMENT PROCESS.**

(a) **ESTABLISHMENT OF PAUSE PAYMENT PROCESS.**—Part D of title IV (20 U.S.C. 1087a et seq.), as amended by section 301, is further amended by adding at the end the following:

“**SEC. 460B. PAUSE PAYMENT PROCESS.**

“(a) **IN GENERAL.**—The Secretary shall establish a single, streamlined pause payment process available in a single application with respect to loans made under this part that replaces the deferment and forbearance options and their respective applications that are available to borrowers before the effective date of the Affordable Loans for Any Student Act and provides temporary relief from repayment of such loans in accordance with this section.
“(b) Application for Relief.—Notwithstanding any other provision of this Act, a borrower of a loan made under this part that desires to receive temporary relief from repayment with respect to such loan shall request relief in accordance with the pause payment process established by the Secretary under subsection (a), which shall include the options to select a temporary cessation of payments and to make smaller payments than the monthly payments required under the borrower’s repayment plan.

“(c) Pause Payment.—

“(1) In general.—A borrower of a loan made under this part who meets the requirements described in paragraph (2) shall be eligible for a pause payment, during which periodic installments of principal need not be paid, and interest—

“(A) shall not accrue, in the case of a—

“(i) Federal Direct Stafford Loan; or

“(ii) a Federal Direct Consolidation Loan that consolidated only Federal Direct Stafford Loans, or a combination of such loans and Federal Stafford Loans for which the student borrower received an interest subsidy under section 428; or

“(B) shall accrue and be added to the balance of interest due but not be capitalized, or
be paid by the borrower, in the case of a Federal Direct PLUS Loan, a Federal Direct Unsubsidized Stafford Loan, or a Federal Direct Consolidation Loan not described in subparagraph (A)(ii).

“(2) ELIGIBILITY.—A borrower of a loan made under this part shall be eligible for a pause payment during any period—

“(A) during which—

“(i) the borrower is carrying at least one-half the normal full-time work load for the course of study that the borrower is pursuing, as determined by the eligible institution (as such term is defined in section 435(a)) the student is attending; or

“(ii) in the case of a parent borrower, the borrower or the student on whose behalf the loan was borrowed is carrying at least one-half the normal full-time work load, in accordance with clause (i);

“(B) during which the borrower is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary;
“(C) during which the borrower is serving in a medical or dental internship or residency program;

“(D) during which the borrower is in a rehabilitation training program for individuals with disabilities approved by the Secretary;

“(E) during which the borrower—

“(i) is serving on active duty during a war or other military operation or national emergency and for the 180-day period following the demobilization date for the service; or

“(ii) qualifies for partial repayment of the borrower’s loans under a provision of chapter 109 or 1609 of title 10, United States Code;

“(F) during which the borrower is performing qualifying National Guard duty during a war or other military operation or national emergency and for the 180-day period following the demobilization date for the service;

“(G) during which the borrower is serving in—

“(i) an approved national service position (as defined in section 101 of the Na-
tional and Community Service Act of 1990 (42 U.S.C. 12511)) in an Americorps pro-
gram (defined for purposes of this sub-
paragraph as a program carried out under
subtitle C or E of title I of the National
and Community Service Act of 1990 (42
U.S.C. 12571 et seq., 12611 et seq.) or
title I of the Domestic Volunteer Service
Act of 1973 (42 U.S.C. 4951 et seq.));

“(ii) in the Peace Corps; or

“(iii) in a teaching position that would
qualify for teacher loan forgiveness under
section 428J;

“(H) not in excess of 3 years during which
the Secretary determines, in accordance with
regulations prescribed under section 435(o),
that the borrower has experienced or will expe-
rience an economic hardship, such as experi-
encing financial difficulties, having unexpected
or significant medical expenses, or being unable
to find full-time employment;

“(I) during which a borrower’s ability to
make payments, as determined by the Sec-
retary, has been adversely affected by—
“(i) any major disaster or emergency declared by the President under section 401 or 501, respectively, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170, 5191);

“(ii) a local emergency, as declared by the appropriate government agency; or

“(iii) a military mobilization;

“(J) during which the borrower is awaiting a determination by the Secretary of the borrower’s request for a pause payment, change in repayment plan, loan forgiveness or cancellation, or consolidation loan; or

“(K) during which the borrower is experiencing other exceptional circumstances for which pause payment under this section is in the best interest of the borrower, as determined by the Secretary through regulation.”.

(b) CONFORMING AMENDMENTS.—Section 455 (20 U.S.C. 1087e) is amended—

(1) in subsection (e)(7)(B)(i), by striking “is in deferment” and inserting “is under pause payment pursuant to section 460B”;

(2) by striking subsection (f) and inserting the following:
“(f) [reserved]”; and

(3) in subsection (l)—

(A) by striking “PROGRAM.—” and all that follows through “Using funds” and inserting the following: “PROGRAM.—Using funds”; and

(B) by striking paragraph (2).

SEC. 304. AUTOMATIC ENROLLMENT INTO INCOME-BASED REPAYMENT FOR BORROWERS WHO ARE DELINQUENT ON LOANS AND FOR BORROWERS WHO REHABILITATE DEFAULTED LOANS.

(a) NOTIFICATION AND AUTOMATIC ENROLLMENT PROCEDURES.—Section 455(d) (20 U.S.C. 1087e(d)), as amended by section 103 and 302, is further amended by adding at the end the following:

“(9) NOTIFICATION AND AUTOMATIC ENROLLMENT PROCEDURES FOR BORROWERS WHO ARE DELINQUENT ON LOANS.—

“(A) AUTHORITY TO OBTAIN INCOME INFORMATION.—

“(i) IN GENERAL.—In the case of any borrower who is at least 60 days delinquent on a loan made under this part, the Secretary may obtain such information as is reasonably necessary regarding the in-
come and family size of the borrower (and
the borrower’s spouse, if applicable).

“(ii) Availability of returns and
return information.—Returns and re-
turn information (as defined in section
6103 of the Internal Revenue Code of
1986) may be obtained under this subpara-
graph only to the extent authorized by sec-
tion 6103(l)(13) of such Code.

“(B) Borrower notification.—With re-
spect to each borrower of a loan made under
this part who is at least 60 days delinquent on
such loan and who has not been subject to the
procedures under this paragraph for such loan
in the preceding 120 days, the Secretary shall,
as soon as practicable after such 60-day delin-
quency, provide to the borrower the following:

“(i) Notification that the borrower is
at least 60 days delinquent on at least 1
loan under this part, and a description of
all delinquent loans under this part, and
nondelinquent loans under this part, of the
borrower.

“(ii) A brief description of the repay-
ment plans for which the borrower is eligi-
ble and the borrower’s loans made under this part, and loans made, insured, or guaranteed under part B or E, that may be eligible for such plans, based on information available to the Secretary.

“(iii) Clear and simple instructions on how to select the repayment plans.

“(iv) The amount of monthly payments for the loans made under this part, and any loans made, insured, or guaranteed under part B or E, under the repayment plans for which the borrower is eligible, based on information available to the Secretary, including, if the income information of the borrower is available to the Secretary under subparagraph (A)—

“(I) the amount of the monthly payment under the income-based repayment plan under section 493C(c) for which the borrower is eligible for the borrower’s loans made under this part, based on such income information; and

“(II) the income, family size, tax filing status, and tax year information
on which each the monthly payment is based.

“(v) An explanation that the Secretary shall take the actions under subparagraph (C) with respect to such borrower, if—

“(I) the borrower is 120 days delinquent on one or more loans under this part and has not selected a new repayment plan for the borrower’s loans under this part; and

“(II) in the case of such a borrower whose repayment plan for any loans made under this part is not an income-based repayment plan under section 493C(c), the monthly payments under such repayment plan are higher than such monthly payments would be under an income-based repayment plan for such loans.

“(vi) Instructions on updating the information of the borrower obtained under subparagraph (A).

“(C) SECRETARY’S INITIAL SELECTION OF PLAN.—With respect to each borrower de-
scribed in subparagraph (B) who has a repay-
ment plan for loans made under this part that
meets the requirements of clause (v)(II) of sub-
paragraph (B), who has not selected a new re-
payment plan for such loans in accordance with
the notice received under such subparagraph,
and who is at least 120 days delinquent on such
loan, the Secretary shall, as soon as prac-
ticable—

“(i) in a case in which any of the bor-
rower’s loans made under part B or E are
eligible for an income-based repayment
plan under section 493C(e), provide the
borrower with the income-based repayment
plan; and

“(ii) in a case in which none of the
borrower’s loans made under part B or E
are eligible for an income-based repayment
plan under section 493C(e), notify the bor-
rrower of the actions, if any, the borrower
may take for such loans to become eligible
for such a plan.

“(D) Secretary’s additional selec-
tion of plan.—
“(i) In general.—With respect to each borrower of a loan made under this part who selects a new repayment plan in accordance with the notice received under subparagraph (B) and who continues to be delinquent on such loan for a period described in clause (ii), the Secretary shall, as soon as practicable after such period, carry out the procedures described in subparagraph (C) for the borrower’s loans made under this part, if such procedures would result in lower monthly repayment amounts on such loan.

“(ii) Description of period.—The duration of the period described in clause (i) shall be the amount of time that the Secretary determines is sufficient to indicate that the borrower may benefit from repaying such loan under a new repayment plan, but in no case shall such period be less than 60 days.

“(E) Opt-out.—A borrower of a loan made under this part shall have the right to opt out of the procedures under this paragraph.
“(F) Procedures.—The Secretary shall establish procedures as are necessary to effectively implement this paragraph.

“(10) Notification and Automatic Enrollment Procedures for Borrowers Who Are Rehabilitating Defaulted Loans.—

“(A) Authority to Obtain Income Information.—

“(i) In General.—In the case of any borrower who is rehabilitating a loan made under this part pursuant to section 428F(a), the Secretary may obtain such information as is reasonably necessary regarding the income and family size of the borrower (and the borrower’s spouse, if applicable).

“(ii) Availability of Returns and Return Information.—Returns and return information (as defined in section 6103 of the Internal Revenue Code of 1986) may be obtained under this subparagraph only to the extent authorized by section 6103(l)(13) of such Code.

“(B) Borrower Notification.—Not later than 30 days after a borrower makes the
6th payment required for the loan rehabilitation described in subparagraph (A), the Secretary shall notify the borrower of the process under subparagraph (C) with respect to such loan.

“(C) Secretary’s Automatic Enrollment.—With respect to each borrower who has made the 9th payment required for the loan rehabilitation described in subparagraph (A) and is eligible for the income-based repayment plan under section 493C(c), the Secretary shall, as soon as practicable after such payment, provide the borrower with the income-based repayment plan.

“(D) Opt-Out.—A borrower of a loan made under this part shall have the right to opt out of the procedures under this paragraph.

“(E) Procedures.—The Secretary shall establish procedures as are necessary to effectively implement this paragraph.”.

(b) Effective Date.—The amendments made by subsection (a) shall—

(1) take effect as soon as the Secretary of Education determines practicable after the Secretary finalizes the procedures under section 107; and
(2) apply to all borrowers of loans made under part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.).

SEC. 305. SEPARATING JOINT CONSOLIDATION LOANS.

(a) IN GENERAL.—Section 455(g) (20 U.S.C. 1087e(g)), as amended by section 104, is further amended by adding at the end the following:

“(3) SEPARATING JOINT CONSOLIDATION LOANS.—

“(A) IN GENERAL.—A married couple, or 2 individuals who were previously a married couple, and who received a joint consolidation loan as such married couple under subparagraph (C) of section 428C(a)(3) (as such subparagraph was in effect on or before June 30, 2006), may apply to the Secretary for each individual borrower in the married couple (or previously married couple) to receive a separate Federal Direct Consolidation Loan under this part—

“(i) that shall—

“(I) unless the Secretary receives notice of an agreement described in subclause (II)(aa), be equal to the sum of—
“(aa) the unpaid principal
and accrued unpaid interest of
the percentage of the joint con-
solidation loan that, as of the day
before such joint consolidation
loan was made, was attributable
to the loans of the individual bor-
rower for whom such separate
consolidation loan is being made;
and

“(bb) any other loans de-
scribed in section 428C(a)(4)
that such individual borrower se-
lects for consolidation under this
part; or

“(II) be equal to the sum of—

“(aa) the unpaid principal
and accrued unpaid interest of
the percentage of the joint con-
solidation loan that, as of the
date of application under this
paragraph, the married couple
(or previously married couple)
agrees shall be considered attrib-
utable to the loans of the indi-
vidual borrower for whom such 
separate consolidation loan is 
being made; and 

“(bb) any other loans de-
scribed in section 428C(a)(4) 
that such individual borrower se-
lects for consolidation under this 
part;

“(ii) the proceeds of which shall be 
paid by the Secretary to the holder or 
holders—

“(I) of the joint consolidation 
loan for the purpose of discharging 
the liability on the percentage of such 
joint consolidation loan described in 
subclause (I)(aa) or (II)(aa) of clause 
(i); and

“(II) of the loans selected for 
consolidation under subclause (I)(bb) 
or (II)(bb) of clause (i) for the pur-
pose of discharging the liability on 
such loans;

“(iii) except as otherwise provided in 
this paragraph, that has the same terms
and conditions, and rate of interest as the joint consolidation loan;

“(iv) for which any payment made under subsection (m)(1)(A) on the joint consolidation loan during a period in which the individual borrower for whom such separate consolidation loan is being made was employed in a public service job described in subsection (m)(1)(B) shall be treated as if such payment were made on such separate consolidation loan; and

“(v) for which any payment made under an income contingent repayment plan under subsection (d)(1)(D), or an income-based repayment plan under paragraph (1)(E) or (2)(A)(ii) of subsection (d), on the joint consolidation loan shall be treated as if such payment were made on such separate consolidation loan.

“(B) APPLICATION FOR SEPARATE DIRECT CONSOLIDATION LOANS.—

“(i) JOINT APPLICATION.—Except as provided in clause (ii), to receive separate consolidation loans under subparagraph (A), both individual borrowers in a married
couple (or previously married couple) shall jointly apply under such subparagraph.

“(ii) SEPARATE APPLICATION.—An individual borrower in a married couple (or previously married couple) may apply for a separate consolidation loan under subparagraph (A) separately and without regard to whether or when the other individual borrower in the married couple (or previously married couple) applies under such subparagraph, in a case in which—

“(I) the individual borrower has experienced from the other individual borrower—

“(aa) domestic violence (as defined in section 40002(a) of the Violence Against Women Act of 1994 (42 U.S.C. 13925(a)));

“(bb) economic abuse (including behaviors that control such borrower’s ability to acquire, use, and maintain access to money, credit, or the joint financial obligations of both borrowers); or
“(cc) other exceptional circumstances, as determined by the Secretary; and

“(II) the Secretary determines that authorizing each individual borrower to apply separately under subparagraph (A) would be in the best fiscal interests of the Federal Government, including by reducing the risk of delinquency or default.

“(C) BORROWER ELIGIBILITY.—Notwithstanding section 428C(a)(3)(A), the Secretary shall provide a consolidation loan under this part to each borrower who—

“(i) applies for such loan under subparagraph (A); and

“(ii) meets the requirements of subparagraphs (A) and (B).

“(D) SPECIAL RULE.—Notwithstanding any other provision of this title, an individual who has a joint consolidation loan and wishes for the Secretary to discharge the loans due to total and permanent disability pursuant to section 437(a), shall first separate the joint consolidation loan in accordance with this section
before the Secretary may discharge any portion of the loan.”.


(1) by striking “or” at the end of item (bb);

(2) by striking the period at the end of item (cc) and inserting “; or”; and

(3) by adding at the end the following:

“(dd) for the purpose of separating a joint consolidation loan into 2 separate Federal Direct Consolidation Loans under section 455(g)(3).”.

SEC. 306. REMOVING THE COLLECTION COST REQUIREMENT.

(a) Removal of Requirement.—Section 484A(b)(1) (20 U.S.C. 1091a(b)(1)) is amended by striking “shall be required to pay, in addition to other charges specified in this title, reasonable collection costs” and inserting “shall not be required to pay collection costs”.

(b) Repayment After Default.—Section 455(d)(6) (20 U.S.C. 1087e(d)(6)), as redesignated under section 103(b), is amended by striking “to—” and all that follows through the period at the end and inserting “to
repay the loan pursuant to an income-based repayment plan under section 493C(c).”.

**TITLE IV—IMPROVING LOAN INFORMATION AND COUNSELING**

**SEC. 401. STUDENT LOAN CONTRACT; SIMPLIFYING LOAN DISCLOSURES.**

(a) **Student Loan Contract.**—Section 455 (20 U.S.C. 1087e), as amended by section 202, is further amended by inserting after subsection (b) the following:

“(c) **Student Loan Contract; Simplifying Loan Disclosures.**—

“(1) **Student Loan Contract.**—

“(A) **In General.**—Any master promissory note form described in section 432(m)(1)(D) that is developed or used for covered loans shall be referred to as a ‘student loan contract’.

“(B) **Clarification on Use.**—Notwithstanding section 432(m)(1)(D)(i), each student loan contract for a covered loan shall—

“(i) not be entered into by a student unless the student has completed all required counseling related to such loan, in-
including counseling required under section 485(l);

“(ii) be signed by the student entering such student loan contract after completion of such counseling;

“(iii) be used only for the academic year for which the initial loans are made under the contract and shall be valid for additional loans within an academic year; and

“(iv) include options for the student to enter both the student’s current contact information and permanent contact information that is likely to remain valid upon the student’s exit from the institution.

“(C) COVERED LOAN.—

“(i) IN GENERAL.—In this subsection, the term ‘covered loan’ means a loan made under this part on or after the effective date of the Affordable Loans for Any Student Act, except with respect to a borrower described in clause (ii).

“(ii) EXCEPTION.—A borrower is described in this clause if the loan made under this part on or after the effective
date of the Affordable Loans for Any Student Act with respect to such borrower is for the 2020–2021 academic year and the borrower has already taken out a loan under this part (other than a Federal Direct Consolidation Loan) for such academic year (including any such loan for attendance at another institution from which the student transferred or in which the student had previously enrolled).

“(2) Loan disclosures.—For loans made under this part for periods of enrollment beginning on or after the effective date of the Affordable Loans for Any Student Act, the Secretary shall take such steps as are necessary to streamline the student loan disclosure requirements under this Act. The Secretary shall ensure that information required to be disclosed to a student who is applying for, receiving, or preparing to repay a loan under this part shall be consumer-tested and delivered in a manner that—

“(A) reduces and simplifies the paperwork students are required to complete;

“(B) limits the number of times a student is presented with disclosures by incorporating
the streamlined disclosures into required stu-
dent loan counseling under section 485(l), the
student loan contract under this subsection, or
both; and
“(C) is effective in helping the student un-
derstand the student’s rights and obligations as
a Federal student loan borrower.
“(3) ANNUAL LOAN ACCEPTANCE.—Prior to
making the first disbursement of a covered loan
(other than a Federal Direct Consolidation Loan) to
a borrower for an academic year, the eligible institu-
tion shall ensure that the borrower—
“(A) has completed the applicable coun-
seling under paragraph (2) or (3) of section
485(l); and
“(B) after completing such counseling, ac-
cepts the loan for such academic year by—
“(i) signing and returning to the insti-
tution the student loan contract described
in section 455(c)(1) that affirmatively
states that the borrower accepts the loan;
or
“(ii) electronically signing an elec-
tronic version of such student loan con-
tract, which may be done through the on-
line counseling tool in accordance with section 485(n)(1)(B).”.

(b) CONFORMING AMENDMENT.—Section 487(a)(7) (20 U.S.C. 1094(a)(7)) is amended by striking “section 485” and inserting “sections 455(c)(3) and 485”.

SEC. 402. ANNUAL AND PRE-LOAN INFORMATION AND COUNSELING REQUIREMENTS.

Section 485(l) (20 U.S.C. 1092(l)) is amended to read as follows:

“(l) ANNUAL STUDENT LOAN COUNSELING FOR BORROWERS.—

“(1) ANNUAL COUNSELING REQUIREMENT FOR INSTITUTIONS.—

“(A) IN GENERAL.—Each eligible institution shall ensure that each individual for whom the institution has knowledge that the student has accepted, or will accept, 1 or more student loans under part D (including any such loans for attendance at another institution from which the student transferred or in which the student had previously enrolled, other than a Federal Direct Consolidation Loan) for an academic year, receives comprehensive information on the terms and conditions of such loans and the responsibilities the individual has with re-
pect to such loans. Such information shall be provided, for each academic year for which the individual receives such loans, in a simple, understandable, and consumer-friendly manner—

“(i) during a counseling session conducted in person;

“(ii) online, with the individual acknowledging receipt of the information; or

“(iii) through the use of the online counseling tool described in subsection (n)(1)(B).

“(B) USE OF INTERACTIVE PROGRAMS.— In the case of institutions not using the online counseling tool described in subsection (n)(1)(B), the Secretary shall require such institutions to carry out the requirements of subparagraph (A) through the use of interactive programs, during an annual counseling session that is in-person or online, that test the individual’s understanding of the terms and conditions of the loan awarded to the individual, using simple and understandable language and clear formatting.

“(2) ANNUAL LOAN COUNSELING FOR BORROWERS RECEIVING LOANS MADE UNDER PART D
(OTHER THAN PARENT PLUS LOANS).—The information to be provided under paragraph (1)(A) to a borrower of a loan made under part D (other than a Federal Direct PLUS Loan made on behalf of a dependent student) shall include the following:

“(A) A notification that some students may qualify for other financial aid that does not need to be repaid, and an explanation that the borrower should consider accepting any such grant, scholarship, military tuition assistance, veterans benefits, Federal or State work-study jobs, or other programs for which the borrower is eligible, prior to accepting student loans.

“(B) Information on the total outstanding student loan debt that the institution is aware that the student has borrowed, disaggregated by type of loan, including loans issued under this title, private education loans (as defined in section 140 of the Truth in Lending Act (15 U.S.C. 1650)) that the institution has certified in accordance with section 487(a)(28), and education loans from the institution, as applicable.

“(C) The student’s estimated monthly payment amounts for loans made, insured, or guaranteed under this title based on—
“(i) the fixed repayment plan described under section 493E for loans issued under part B or D; and

“(ii) the income-based repayment plan under section 493C(c), utilizing individualized data applicable to the borrower as described in paragraph (4).

“(D) A statement that the monthly amount described in subparagraph (C) does not include any amounts that the student may be required to repay for non-Federal education loans, including private education loans or institutional education loans.

“(E) An explanation of the use of the student loan contract referred to in section 455(c).

“(F) A recommendation to the borrower to exhaust the borrower’s Federal student loan options prior to taking out private education loans, an explanation that Federal student loans typically offer better terms and conditions than private education loans, an explanation that Federal student loans offer consumer protections typically not available in the private education loan market, an explanation of treatment of loans made under part D and private
education loans in bankruptcy, and an expla-
nation that if a borrower decides to take out a
private education loan—

“(i) the borrower has the ability to se-
lect a private educational lender of the bor-
rower’s choice;

“(ii) the proposed private education
loan may impact the borrower’s potential
eligibility for other financial assistance, in-
cluding Federal financial assistance under
this title; and

“(iii) the borrower has a right—

“(I) to accept the terms of the
private education loan within 30 cal-
endar days following the date on
which the application for such loan is
approved and the borrower receives
the required disclosure documents,
pursuant to section 128(e) of the
Truth in Lending Act (15 U.S.C.
1638(e)); and

“(II) to cancel such loan within 3
business days of the date on which the
loan is consummated, pursuant to sec-
tion 128(e)(7) of such Act (15 U.S.C. 1638(e)(7)).

“(G) An explanation of the importance of contacting the appropriate offices at the institution of higher education if the borrower withdraws prior to completing the borrower’s program of study so that the institution can provide exit counseling, including information regarding the borrower’s repayment options and loan consolidation.

“(H) An explanation of the obligation of the borrower to repay the full amount of the loan, regardless of whether the borrower completes or does not complete the program in which the borrower is enrolled within the regular time for program completion.

“(I) A general description of the terms and conditions under which the student may obtain forgiveness or cancellation of any principal and interest of a loan issued under this title.

“(J) Information as to how the student can access the loan records of the student and the contact information for inquiries regarding repaying the loan.
“(K) The contact information for the financial aid office, or other appropriate office, at the institution that the borrower may contact if the borrower has any questions about the borrower’s rights and responsibilities or the terms and conditions of the loan.

“(L) An explanation that the student has the right to annually request a copy of the credit report of the student from a consumer reporting agency pursuant to section 612(a) of the Fair Credit Reporting Act (15 U.S.C. 1681j(a)).

“(M) For a first-time borrower, in addition to all the information described in subparagraphs (A) through (L)—

“(i) the anticipated balance on the loan for which the borrower is receiving counseling under this subsection; and

“(ii) information on the annual and aggregate loan limits for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans as it pertains to the loan for which the borrower is receiving counseling, and a statement that such aggregate borrowing limit may change based
on the borrower’s student status (whether undergraduate or graduate) or if there is a change in the borrower’s dependency status.

“(N) For a borrower with an outstanding balance of principal or interest due on a loan made under this title, including loans made under part B, in addition to all the information described in subparagraphs (A) through (L), the percentage of the total aggregate borrowing limit that the student has reached, as of the date of the counseling, and a statement that such aggregate borrowing limit may change based on the borrower’s student status (whether undergraduate or graduate) or if there is a change in the borrower’s dependency status.

“(3) Borrowers receiving Parent PLUS loans for dependent students.—The information to be provided under paragraph (1)(A) to a borrower of a Federal Direct PLUS Loan made on behalf of a dependent student shall include the following:

“(A) A notification that some students may qualify for other financial aid and an explanation that the student for whom the bor-
rrower is taking out the loan should consider ac-
cepting any such grant, scholarship, military 
tuition assistance, veterans benefits, Federal or 
State work-study jobs, or other programs for 
which the student for whom the borrower is 
taking out the loan is eligible, prior to bor-
rowing any Federal Direct PLUS Loan on be-
half of a dependent student.

“(B) The information described in sub-
paragraphs (B) through (L) of paragraph (2), 
as applicable.

“(C) The option of the borrower to pay the 
interest on the loan while the loan is under 
pause payment.

“(D) An explanation that the borrower has 
the options to prepay each loan, pay each loan 
on a shorter schedule, and change repayment 
plans.

“(E) For each Federal Direct PLUS Loan 
made on behalf of a dependent student for 
which the borrower is receiving counseling 
under this subsection, the contact information 
for the loan servicer of the loan and a link to 
such servicer’s website.
“(F) For a first-time borrower of such loan—

“(i) the anticipated balance on the loan for which the borrower is receiving counseling under this paragraph; and

“(ii) the estimated monthly payment amounts for such loan based on—

“(I) the fixed repayment plan described in section 493E for the loan; and

“(II) the income-based repayment plan under section 493C(c), utilizing individualized data applicable to the borrower as described in paragraph (4).

“(G) For a borrower undergoing counseling that already has an outstanding balance of principal or interest due on a Federal Direct PLUS Loan made on behalf of a dependent student—

“(i) the anticipated balance of all Federal Direct PLUS Loans held by the borrower (including the one for which counseling is provided); and
“(ii) the estimated monthly payment amounts for all such loans based on—

“(I) the fixed repayment plan described in section 493E for loans issued under part B or D; and

“(II) the income-based repayment plan under section 493C(c), utilizing individualized data applicable to the borrower as described in paragraph (4).

“(4) ESTIMATED REPAYMENT INFORMATION.—

In providing estimated payments for income-based repayment plans under section 493C(c) for purposes of this section, the Secretary shall develop and implement a database to generate repayment estimate for borrowers by—

“(A) enabling each institution to enter relevant loan, program cost, and average indebtedness at graduation information electronically;

“(B) integrating applicable data on Federal loans made, insured, or guaranteed under this title from the National Student Loan Data System or a successor system;
“(C) integrating available data on occupational earnings reasonably related to the student’s program of study;

“(D) using a hypothetical family size of 1; and

“(E) providing a borrower the option to adjust these data elements and observe the corresponding change in estimated monthly payment amounts.”.

SEC. 403. EXIT COUNSELING.

Section 485(b) (20 U.S.C. 1092(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), striking “through financial aid offices or otherwise” and inserting “through the use of an interactive program, during an exit counseling session that is in-person or online, or through the use of the online counseling tool described in subsection (n)(1)(A)”;

(ii) by redesignating clauses (i) through (ix) as clauses (v) through (xiii), respectively;
(iii) by inserting before clause (v), as redesignated by clause (ii), the following:

“(i) a summary of the outstanding balance of principal and interest due on the loans made to the borrower under part B, D, or E;

“(ii) an explanation of the grace period preceding repayment and the expected date that the borrower will enter repayment;

“(iii) an explanation that the borrower has the option to pay any interest that has accrued while the borrower was in school or that may accrue during the grace period preceding repayment or during an authorized period of pause payment;

“(iv) an explanation that the borrower may be approached during the repayment process by third-party student debt relief companies, that the borrower should use caution in any such dealings, and that the typical services provided by these companies are already offered to borrowers free of charge through the Department or its contractors;”;}
(iv) in clause (v), as redesignated by clause (ii)—

(I) by striking “sample information showing the average” and inserting “information, based on the borrower’s outstanding balance described in clause (i), showing the borrower’s”; and

(II) by striking “of each plan” and inserting “of the fixed repayment plan described in section 493E and the income-based repayment plan under section 493C(c), and any other repayment plan for which each loan may be eligible”;

(v) in clause (x), as redesignated by clause (ii)—

(I) by inserting “decreased credit score,” after “credit reports,”; and

(II) by inserting “reduced ability to rent or purchase a home or car, potential difficulty in securing employment,” after “Federal law,”;

(vi) in the matter preceding subclause (I) of clause (xi), as redesignated by clause
(ii), by striking “consolidation loan under section 428C or a”;

(vii) in each of clauses (xii) and (xiii), as redesignated by clause (ii), by striking “and” at the end; and

(viii) by adding at the end the following:

“(xiv) for each of the borrower’s loans made under part B, D, or E for which the borrower is receiving counseling under this subsection, the contact information for the loan servicer of the loan and a link to such servicer’s website; and

“(xv) an explanation that an individual has a right to annually request a disclosure of information collected by a consumer reporting agency pursuant to section 612(a) of the Fair Credit Reporting Act (15 U.S.C. 1681j(a)).”; and

(B) in subparagraph (B), by striking “in writing” and inserting “online or in writing, except that in the case of an institution using the online counseling tool described in subsection (n)(1)(A), the Secretary shall attempt to pro-
vide such information to the student in the
manner described in subsection (n)(3)(C)”; and
(2) in paragraph (2)(C), by inserting “, such as
the online counseling tool described in subsection
(n)(1)(A),” after “electronic means”.

SEC. 404. ONLINE COUNSELING TOOLS.

Section 485 (20 U.S.C. 1092) is amended by adding
at the end the following:

“(n) ONLINE COUNSELING TOOLS.—

“(1) IN GENERAL.—Beginning not later than 1
year after the date of enactment of the Affordable
Loans for Any Student Act, the Secretary shall
maintain—

“(A) an online counseling tool that pro-
vides the exit counseling required under sub-
section (b) and meets the applicable require-
ments of this subsection; and

“(B) an online counseling tool that pro-
vides the annual counseling required under sub-
section (l), enables a borrower to electronically
sign and accept the borrower’s student loan
contract for the upcoming academic year under
section 455(c)(3)(B)(ii), and meets the applica-
able requirements of this subsection.
“(2) REQUIREMENTS OF TOOLS.—In maintaining the online counseling tools described in paragraph (1), the Secretary shall ensure that each such tool, and its underlying content—

“(A) are consumer tested, in consultation with other relevant Federal agencies, students, borrowers, institutions of higher education, secondary school and postsecondary counselors, and consumer advocacy organizations, to ensure that the tool is effective in helping individuals understand their rights and obligations with respect to borrowing a loan made under part D;

“(B) are understandable to borrowers of loans made under part D;

“(C) freely available to all eligible institutions; and

“(D) integrate applicable loan data from the National Student Loan Data System or a successor system, including data regarding loans made, insured, or guaranteed under this title and data regarding private education loans, pursuant to section 485B(i).

“(3) RECORD OF COUNSELING COMPLETION.—

The Secretary shall—
“(A) use each online counseling tool described in paragraph (1) to keep a record of which individuals have received counseling using the tool and notify the applicable institutions of the individual’s completion of such counseling;

“(B) in the case of a borrower who receives annual counseling for a loan made under part D using the tool described in paragraph (1)(B)—

“(i) enable the borrower to accept and electronically sign the student loan contract as required under section 455(c)(3)(B)(ii) and notify the applicable institutions that the individual completed the counseling and electronically signed the contract; and

“(ii) if the borrower chooses not to sign the student loan contract through the online counseling—

“(I) inform the borrower, through the online counseling tool, of the date by when the borrower should accept and sign the student loan contract for which the borrower has received such counseling; and
“(II) notify the applicable institution that the borrower completed the counseling but did not sign the student loan contract; and

“(C) in the case of a borrower described in subsection (b)(1)(B) at an institution that uses the online counseling tool described in paragraph (1)(A) of this subsection, attempt to provide the information described in subsection (b)(1)(A) to the borrower through such tool.

“(o) LONGITUDINAL STUDY ON THE EFFECTIVENESS OF STUDENT LOAN COUNSELING.—

“(1) IN GENERAL.—Not later than 1 year after the date of enactment of the Affordable Loans for Any Student Act, the Secretary, acting through the Director of the Institute of Education Sciences, shall begin conducting a rigorous, longitudinal study of the impact and effectiveness of the student loan counseling provided under section 485(n).

“(2) CONTENTS.—

“(A) BORROWER INFORMATION.—The longitudinal study carried out under paragraph (1) shall include borrower information, in the aggregate and disaggregated by race and eth-
nicity, gender, income quartile, and status as an individual with a disability, on—

“(i) student persistence;
“(ii) degree attainment;
“(iii) program completion;
“(iv) successfully maintaining current student loan repayment status following the student’s exit from the institution;
“(v) cumulative borrowing levels; and
“(vi) such other factors as the Secretary may determine.

“(B) EXCEPTION.—The disaggregation under subparagraph (A) shall not be required in a case in which the number of borrowers in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual borrower.

“(3) INTERIM REPORTS.—Not later than 18 months after the commencement of the study under paragraph (1), and annually thereafter, the Secretary shall evaluate the progress of the study and report any short-term findings to the authorizing committees.”.
SEC. 405. PRIVATE EDUCATION LOAN CERTIFICATION AND INFORMATION.

(a) Amendment to the Higher Education Act of 1965.—

(1) In general.—Section 487(a) (20 U.S.C. 1094(a)) is amended by striking paragraph (28) and inserting the following:

“(28)(A) The institution shall—

“(i) upon the request of a private educational lender, acting in connection with an application initiated by a borrower for a private education loan in accordance with section 128(e)(3) of the Truth in Lending Act, provide certification to such private educational lender—

“(I) that the student who initiated the application for the private education loan, or on whose behalf the application was initiated, is enrolled or is scheduled to enroll at the institution;

“(II) of such student’s cost of attendance at the institution as determined under part F; and

“(III) of the difference between—

“(aa) the cost of attendance at the institution; and
“(bb) the student’s estimated financial assistance received under this title and other assistance known to the institution, as applicable; and

“(ii) provide the certification described in clause (i), or notify the private educational lender that the institution has received the request for certification and will need additional time to comply with the certification request—

“(I) within 15 business days of receipt of such certification request; and

“(II) only after the institution has completed the activities described in subparagraph (B).

“(B) The institution shall, upon receipt of a certification request described in subparagraph (A)(i), and prior to providing such certification—

“(i) determine whether the student who initiated the application for the private education loan, or on whose behalf the application was initiated, has applied for and exhausted the Federal financial assistance available to such student under this title and inform the student accordingly; and
“(ii) provide the borrower whose loan application has prompted the certification request by a private education lender, as described in subparagraph (A)(i), with the following information and disclosures:

“(I) If the borrower has not yet exhausted the financial assistance available to the borrower under this title, the amount of additional Federal student assistance for which the borrower is eligible and the potential advantages of Federal loans under this title, including disclosure of—

“(aa) the fixed interest rates and pause payment processes;

“(bb) the option for and terms of income-based repayment, loan forgiveness programs, and additional protections; and

“(cc) the higher student loan limits for dependent students whose parents are not eligible for a Federal Direct PLUS Loan.
“(II) The borrower’s ability to select a private educational lender of the borrower’s choice.

“(III) The impact of a proposed private education loan on the borrower’s potential eligibility for other financial assistance, including Federal financial assistance under this title.

“(IV) The borrower’s right to accept or reject a private education loan within the 30-day period following a private educational lender’s approval of a borrower’s application and about a borrower’s 3-day right to cancel period under section 128(e)(7) of the Truth in Lending Act (15 U.S.C. 1650(e)(7)).

“(C) For purposes of this paragraph, the terms ‘private educational lender’ and ‘private education loan’ have the meanings given such terms in section 140 of the Truth in Lending Act (15 U.S.C. 1650).”.

(2) NATIONAL STUDENT LOAN DATA SYSTEM.—
Section 485B (20 U.S.C. 1092b) is amended—

(A) in subsection (a), by striking “and loans made under parts D and E” and insert-
ing “, loans made under parts D and E, and private education loans (in accordance with subsection (i))”;

(B) in subsection (f), by inserting “FOR FEDERAL LOANS” after “DATA REPORTING”; and

(C) by adding at the end the following:

“(i) PRIVATE EDUCATION LOAN REPORTING.—The Secretary shall include in the National Student Loan Data System the information regarding private education loans that the Director of the Consumer Financial Protection Bureau, in coordination with the Secretary, determines necessary to be included pursuant to section 128(e)(9)(B)(ii) of the Truth in Lending Act (15 U.S.C. 1638(e)(9)(B)(ii)).”.

(3) EFFECTIVE DATE.—The amendments made by paragraphs (1) and (2) shall take effect on the effective date of the regulations described in subsection (b)(3).

(b) AMENDMENTS TO THE TRUTH IN LENDING ACT.—

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

(A) by striking paragraph (3) and inserting the following:
“(3) Institutional certification required.—

“(A) In general.—Except as provided in

subparagraph (B), before a private educational

lender may issue any funds with respect to a

private education loan, the private educational

lender shall obtain, from the relevant institution

of higher education where such loan is to be

used for a student, a certification in accordance

with section 485(a)(28)(A) of the Higher Edu-

cation Act of 1965 (20 U.S.C.

1094(a)(28)(A))—

“(i) confirming that the student is en-

rolled or is scheduled to enroll at the insti-

tution; and

“(ii) stating—

“(I) the student’s cost of attend-

ance at the institution, as determined

by the institution under part F of title

IV of the Higher Education Act of

1965 (20 U.S.C. 1087kk et seq.); and

“(II) the difference between—

“(aa) such cost of attend-

ance; and
“(bb) the student’s estimated financial assistance, including such assistance received under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) and other financial assistance known to the institution, as applicable.

“(B) TIMING.—Pursuant to section 485(a)(28)(A) of the Higher Education Act of 1965 (20 U.S.C. 1094(a)(28)(A)), a private education lender shall receive the certification described in subparagraph (A) within 15 days of a request by the private education lender, unless the institution of higher education notifies the private educational lender pursuant to section 485(a)(28)(A)(ii) of such Act that additional time is needed.

“(C) ADDITIONAL REQUIREMENTS.—Upon receiving the certification described in subparagraph (A) for a private education loan, the private educational lender—

“(i) may proceed to issue funds with respect to the private education loan; and
“(ii) after issuing the private education loan, shall—

“(I) notify the institution of higher education involved that the private education loan has been issued to the borrower, and the amount of such loan; and

“(II) provide the Director of the Consumer Financial Protection Bureau and the Secretary of Education with the information described in paragraph (9)(B).”;

(B) by redesignating paragraphs (9), (10), and (11) as paragraphs (10), (11), and (12), respectively; and

(C) by inserting after paragraph (8) the following:

“(9) PROVISION OF INFORMATION.—

“(A) PROVISION OF INFORMATION TO BORROWERS.—

“(i) LOAN STATEMENTS.—A private educational lender that issues any funds with respect to a private education loan shall—
“(I) send loan statements, if the
loan is to be used for a student, to
borrowers of the funds not less than
once every 3 months during the time
that the student is enrolled at an in-
stitution of higher education; and

“(II) in the case of a private edu-
cation loan that includes a cosigner,
annually send a loan statement to the
borrower’s cosigner, notifying the co-
signer of the terms, conditions, and
status of such private education loan.

“(ii) CONTENTS OF LOAN STATE-
MENT.—Each statement described in
clause (i) shall—

“(I) report the borrower’s total
remaining debt to the private edu-
cational lender, including accrued but
unpaid interest and capitalized inter-
est;

“(II) report any debt increases
since the last statement; and

“(III) list the current interest
rate for each loan.
“(B) Provision of information to federal agencies.—

“(i) Information from lender.—

Each private educational lender shall—

“(I) submit to the Director of the Consumer Financial Protection Bureau and the Secretary of Education such information regarding a private education loan as may be determined necessary by the Director and the Secretary under clause (ii) for inclusion in the National Student Loan Data System under section 485B(i) of the Higher Education Act of 1965 (20 U.S.C. 1092b(i)); and

“(II) prepare and submit an annual report to the Consumer Financial Protection Bureau regarding the private education loans issued by the private educational lender.

“(ii) Promulgation of regulations.—Not later than 1 year after the date of enactment of the Affordable Loans for Any Student Act, the Director of the Consumer Financial Protection Bureau, in
coordination with the Secretary of Education, shall promulgate regulations regarding the private education loan information required to be submitted under clause (i), including the content, method, and format for submission. The information required for inclusion in the National Student Loan Data System shall include, at a minimum—

“(I) information identifying the borrower, including the borrower’s name and social security number;

“(II) the name of the institution of higher education that has certified the private education loan;

“(III) the name of the lender;

“(IV) the amount of the private education loan;

“(V) the term, or other enrollment period, for which the private education loan is issued; and

“(VI) whether a cosigner was required as a condition of the private education loan.”.
(2) DEFINITION OF PRIVATE EDUCATION

LOAN.—Section 140(a)(8)(A) of the Truth in Lending Act (15 U.S.C. 1650(a)(8)(A)) is amended—

(A) by redesignating clause (ii) as clause (iii);

(B) in clause (i), by striking “and” after the semicolon; and

(C) by adding after clause (i) the following:

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

(3) REGULATIONS.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Director of the Consumer Financial Protection Bureau, in coordination with the Secretary of Education, shall promulgate regulations to implement paragraphs (3) and (9) of section 128(e) of the Truth in Lending Act (15 U.S.C. 1638(e)), as amended by paragraph (1) of this subsection.

(B) EFFECTIVE DATE.—The regulations promulgated under subparagraph (A) shall take
effect on the date that is 180 days after the
date on which the regulations are promulgated.

TITLE V—EFFECTIVE DATE;
TRANSITION

SEC. 501. EFFECTIVE DATE; RULEMAKING REGARDING TER-
MINATION OF CERTAIN REPAYMENT PLANS.

(a) EFFECTIVE DATE.—Except as otherwise specifi-
cally provided, this Act, and the amendments made by this
Act, shall take effect on July 1, 2020.

(b) APPLICABILITY WITH RESPECT TO INTEREST
CAPITALIZATION.—Section 201, and the amendments
made by such section, shall apply with respect to loans
made, insured, or guaranteed under part B or D of title
et seq., 1087a et seq.) that—

(1) as of the effective date described in sub-
section (a), are not currently in a period where in-
terest is capitalized under such part; or

(2) in the case of a loan that, as of the effective
date described in subsection (a), is in a period where
interest is accruing and not added, but will be cap-
talized under such part, the day after the interest
is capitalized under such part, as in effect before the
effective date.
(c) Applicability With Respect to Forbearance and Deferment for Direct Loan Borrowers.—With respect to any borrower of a loan under part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) that is, or has been, in forbearance or deferment as of the day before the effective date described in subsection (a), the Secretary shall take such steps as are necessary—

(1) to transfer a borrower with a loan in forbearance or deferment as of such day automatically into relief provided under the pause payment process established under section 460B of such Act (as amended by this Act); and

(2) to ensure that the period of time for which a borrower is eligible for pause payment under such section 460B for a loan is appropriately reduced to account for any time the loan was previously in forbearance or deferment.

(d) Regulations.—Before the effective date described in subsection (a), the Secretary of Education shall carry out a plan to end all eligibility for repayment plans other than a fixed repayment plan described in section 493E of the Higher Education Act of 1965 (20 U.S.C. 1098b) and an income-based repayment plan under section 493C(c) of such Act (20 U.S.C. 1098e(f)) for loans
made under part B or D of title IV of such Act, unless
the borrower is enrolled in another repayment plan before
such effective date, in accordance with the amendments
made by this Act.