

116TH CONGRESS
1ST SESSION

S. 1002

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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Affordable Loans for Any Student Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 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.
 Sec. 202. Elimination of origination fees 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

1 section or other provision of the Higher Education Act of
 2 1965 (20 U.S.C. 1001 et seq.).

3 **TITLE I—SIMPLIFYING**
 4 **REPAYMENT PLANS**

5 **SEC. 101. INCOME-BASED REPAYMENT PLAN.**

6 (a) SIMPLIFYING THE INCOME-BASED REPAYMENT
 7 PLAN.—Section 493C (20 U.S.C. 1098e) is amended—

8 (1) in subsection (b)—

9 (A) by striking “INCOME-BASED REPAY-
 10 MENT PROGRAM AUTHORIZED.—” and insert-
 11 ing the following: “INCOME-BASED REPAYMENT
 12 PROGRAM FOR BORROWERS WHO ENTER IN-
 13 COME-BASED REPAYMENT BEFORE JULY 1,
 14 2020.—”;

15 (B) in paragraph (3)(A), by striking “ex-
 16 cept that” and all that follows through “section
 17 435(o)”;

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

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

24 “(c) INCOME-BASED REPAYMENT PROGRAM FOR
 25 NEW LOANS ON AND AFTER JULY 1, 2020, AND FOR

1 BORROWERS WHO ENTER INCOME-BASED REPAYMENT
2 AFTER JULY 1, 2020.—

3 “(1) IN GENERAL.—Notwithstanding any other
4 provision of this section, the provisions of this sub-
5 section shall apply—

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

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

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

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

24 “(I) the annual repayment amount
25 under this subsection shall be an amount

1 equal to 10 percent of the result obtained
2 by calculating, on at least an annual basis,
3 the amount by which—

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

7 “(bb) the applicable percentage
8 of the poverty line in accordance with
9 clause (ii) that is applicable to the
10 borrower’s family size as determined
11 under section 673(2) of the Commu-
12 nity Services Block Grant Act (42
13 U.S.C. 9902(2)); and

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

21 “(ii) For purposes of clause (i), the term
22 ‘applicable percentage’ means 250 percent re-
23 duced by 5 percentage points for each \$1,000
24 by which the borrower’s adjusted gross income
25 exceeds \$120,000.

1 “(B) Notwithstanding subsection (e)(2),
2 subsection (b)(7)(B) shall be applied by sub-
3 stituting ‘20 years’ for ‘25 years’.

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

12 “(D) Notwithstanding subsection (b), a
13 borrower of an excepted PLUS loan or excepted
14 consolidation loan may elect the income-based
15 repayment plan under this subsection for the
16 excepted PLUS loan or excepted consolidation
17 loan, and the Secretary shall treat such loan for
18 purposes only of the repayment terms as a Fed-
19 eral Direct PLUS Loan issued to a student
20 borrower. The Secretary may issue rules and
21 regulations, as the Secretary determines nec-
22 essary, regarding the treatment of excepted
23 PLUS loans or excepted consolidation loans
24 that are to be repaid under an income-based re-
25 payment plan under this subsection.

1 “(3) RULE FOR BORROWERS IN INCOME-BASED
2 REPAYMENT BEFORE JULY 1, 2020.—A borrower of
3 a loan made, insured, or guaranteed under part B
4 or D who enrolled in the income-based repayment
5 plan under subsection (b), as such plan was in effect
6 on July 1, 2020, may choose to retain such repay-
7 ment plan or elect to enter an income-based repay-
8 ment plan under this subsection or a fixed repay-
9 ment plan described in section 493E, as provided in
10 section 428(b)(1)(D)(ii) or 455(d)(7) (as applicable).

11 “(4) INTEREST PAYMENTS AND ACCRUAL.—
12 Notwithstanding any other provision of this Act, if
13 a borrower’s monthly payment for a loan under an
14 income-based repayment plan under this subsection
15 is insufficient to pay the accrued interest on the bor-
16 rower’s loan for such month—

17 “(A) in the case of a subsidized loan (in-
18 cluding the portion of a consolidated loan that
19 is a subsidized loan), any interest due and not
20 paid under subsection (b)(2) on the subsidized
21 loan for that month shall be paid or forgiven by
22 the Secretary, except that a borrower of a sub-
23 sidized loan shall only receive the benefits of
24 this subparagraph for such loan for 36 months
25 of payments under the income-based repayment

1 plan, excluding any period of pause payment
2 under section 460B; and

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

11 “(5) WRITTEN, ELECTRONIC, OR VERBAL EN-
12 ROLLMENT IN INCOME-BASED REPAYMENT.—

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

20 “(B) USE OF INFORMATION.—

21 “(i) IN GENERAL.—The estimated
22 monthly payment amount under this sec-
23 tion for a loan for a borrower who makes
24 an election described in subparagraph (A)
25 shall be immediately calculated using the

1 income and family size information pro-
2 vided through the borrower's written, elec-
3 tronic, or verbal statement.

4 “(ii) VERIFICATION.—The informa-
5 tion described in clause (i) shall be verified
6 by the Secretary not later than 90 days
7 after the date the borrower states such in-
8 come and family size information. If the
9 Secretary is unable to verify the informa-
10 tion by the end of the 90-day period, the
11 borrower's payment after such 90-day pe-
12 riod will be the amount applicable under
13 the fixed repayment plan under section
14 493E.

15 “(iii) ADJUSTMENT IF NECESSARY.—
16 Upon verification by the Secretary under
17 clause (ii), the Secretary shall adjust the
18 estimated monthly payment described in
19 clause (i) based on the verified income and
20 family size information of the borrower, if
21 necessary. Any adjusted monthly payment
22 shall take effect beginning with the pay-
23 ment due not less than 60 days after the
24 Secretary notifies the borrower of the ad-
25 justed amount. The Secretary shall con-

1 sider any payments made prior to the ad-
2 justed monthly payment as having satisfied
3 the amount due to qualify toward loan can-
4 cellation or forgiveness options under this
5 title.

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

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

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

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

21 “(iv) The borrower’s failure to recer-
22 tify enrollment in income-based repayment
23 under this subsection.”.

1 (b) INCLUDING INCOME OF SPOUSES.—Subsection
2 (d) of section 493C (20 U.S.C. 1098e(d)) is amended to
3 read as follows:

4 “(d) CALCULATION OF ADJUSTED GROSS INCOME
5 FOR MARRIED BORROWERS.—The Secretary shall cal-
6 culate the adjusted gross income of a married borrower
7 under this section—

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

13 “(2) in the case of a married borrower who files
14 a Federal income tax return separately from the
15 borrower’s spouse, based on the sum of the adjusted
16 gross income of the borrower and the spouse, as re-
17 ported on the applicable Federal income tax returns,
18 unless the borrower certifies, on a form approved by
19 the Secretary, that the borrower is—

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

21 or

22 “(B) unable to reasonably access the in-
23 come information of the borrower’s spouse.”.

1 **SEC. 102. FIXED REPAYMENT PLAN.**

2 Part G of title IV (20 U.S.C. 1088 et seq.) is amend-
3 ed by adding at the end the following:

4 **“SEC. 493E. FIXED REPAYMENT PLAN.**

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

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

15 “(c) SPECIAL RULES.—

16 “(1) MINIMUM.—If a borrower’s monthly pay-
17 ment under this section (except for the final pay-
18 ment on the loan) is less than \$25, the Secretary
19 shall establish the borrower’s monthly payment as
20 \$25.

21 “(2) ALTERNATIVE MINIMUM PAYMENTS.—Not-
22 withstanding paragraph (1), the Secretary may ac-
23 cept an alternative minimum payment amount,
24 which may include an amount of less than \$25, to
25 account for a borrower’s exceptional cir-
26 cumstances.”.

1 **SEC. 103. TERMINATION OF CERTAIN REPAYMENT PLAN**
2 **OPTIONS.**

3 (a) FFEL PROGRAM REPAYMENT PLAN OPTIONS.—
4 Section 428(b) (20 U.S.C. 1078(b)) is amended—

5 (1) in paragraph (1)—

6 (A) in subparagraph (D)—

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

14 (ii) in clause (iii), by inserting “or, in
15 the case of a default that occurs after July
16 1, 2020, be subject to income-based repay-
17 ment in accordance with section 493C(c)”
18 before the semicolon at the end;

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

1 loan in accordance with an applicable repay-
 2 ment plan described in paragraph (9)(C)”; and
 3 (C) by striking subparagraph (L); and
 4 (2) in paragraph (9)—
 5 (A) in subparagraph (A)—
 6 (i) in the subparagraph heading, by
 7 inserting “BEFORE JULY 1, 2020” after
 8 “SELECTION”; and
 9 (ii) in the matter preceding clause
 10 (i)—
 11 (I) by inserting “or subparagraph
 12 (C), as applicable,” after “this sub-
 13 paragraph”; and
 14 (II) by striking “The borrower”
 15 and inserting “Before July 1, 2020,
 16 the borrower”;
 17 (B) in subparagraph (B), by inserting be-
 18 fore the period at the end “or, for a borrower
 19 entering repayment after July 1, 2020, the
 20 lender shall provide the borrower with the fixed
 21 repayment plan described in section 493E”;
 22 and
 23 (C) by adding at the end the following:
 24 “(C) SELECTION OF REPAYMENT PLANS
 25 ON AND AFTER JULY 1, 2020.—Notwithstanding

1 any other provision of law, and in accordance
2 with regulations promulgated, beginning on
3 July 1, 2020, a lender shall offer a borrower of
4 a loan made, insured, or guaranteed under this
5 part the opportunity to change repayment plans
6 at any time after July 1, 2020, and then not
7 more than once per calendar year thereafter.
8 The borrower may choose between the following
9 repayment plans:

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

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

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

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

19 (2) in paragraph (1)—

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

22 and

23 (B) in the matter preceding subparagraph
24 (A), by inserting “that enters repayment before
25 July 1, 2020,” before “a variety”;

1 (3) by inserting after paragraph (1) the fol-
2 lowing:

3 “(2) DESIGN AND SELECTION BEGINNING JULY
4 1, 2020.—

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

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

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

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

22 “(C) SELECTION BY THE SECRETARY.—If
23 a borrower of a loan made under this part that
24 enters repayment on or after July 1, 2020, does
25 not select a repayment plan described in sub-

1 paragraph (A) before the first payment on such
2 loan is due, the Secretary shall provide the bor-
3 rower with a fixed repayment plan described in
4 section 493E.

5 “(D) CHANGES IN SELECTIONS.—A bor-
6 rower of a loan made under this part that en-
7 ters repayment or on after July 1, 2020, may
8 change the borrower’s selection of a repayment
9 plan in accordance with subparagraphs (B) and
10 (C) of paragraph (7).

11 “(E) BORROWER IN DEFAULT.—Beginning
12 on July 1, 2020, in lieu of the requirements of
13 paragraph (6), the Secretary may require any
14 borrower who has defaulted on a loan made
15 under this part on or after July 1, 2020, to
16 repay the loan pursuant to an income-based re-
17 payment plan under section 493C(c).”; and
18 (4) by adding at the end the following:

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

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

25 “(B) may elect to—

1 “(i) enter an income-based repayment
2 plan under section 493C(e);

3 “(ii) enter a fixed repayment plan de-
4 scribed in section 493E; or

5 “(iii) switch between the repayment
6 plans described in clauses (i) and (ii);

7 “(C) after switching to a repayment plan
8 described in clause (i) or (ii) of subparagraph
9 (B), shall not be permitted to select a repay-
10 ment plan not described in subparagraph (B)
11 for the loan; and

12 “(D) shall retain, for purposes of repay-
13 ment or cancellation of any outstanding balance
14 of principal and interest due on a loan (as de-
15 scribed in section 493C(b)(7)), any payments
16 on such loan under another income-based or in-
17 come contingent repayment plan under this title
18 that would otherwise be qualifying.”.

19 (c) CONFORMING AMENDMENT.—Section
20 433(b)(7)(B) (20 U.S.C. 1083(b)(7)(B)) is amended by
21 striking “on a standard repayment plan” and inserting “,
22 in the case of a borrower who has not selected a repayment
23 plan, on the repayment plan designated under subpara-
24 graph (B) of section 428(b)(9)”.

1 **SEC. 104. PROVIDING INCENTIVES TO SWITCH INTO SIM-**
 2 **PLIFIED REPAYMENT PLANS.**

3 (a) ENABLING CONSOLIDATION IN ORDER TO SIM-
 4 PLIFY REPAYMENT.—Section 455(g) (20 U.S.C.
 5 1087e(g)) is amended—

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

8 “LOANS.—

9 “(1) IN GENERAL.—A borrower of”;

10 (2) by striking the second sentence; and

11 (3) by adding at the end the following:

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

18 “(A) obtains the Federal Direct Consolida-
 19 tion Loan for the purpose of—

20 “(i) selecting the income-based repay-
 21 ment plan under section 493C(c) or fixed-
 22 income repayment plan under section
 23 495E; or

24 “(ii) participating in the pause pay-
 25 ment process under section 460B; and

1 “(B) meets the requirements of section
2 428C(a)(3)(A).”.

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

7 **“SEC. 493F. INCENTIVES FOR SIMPLIFIED REPAYMENT**
8 **PLANS.**

9 “(a) IN GENERAL.—To facilitate the transition of
10 borrowers to simplified repayment plan options, the Sec-
11 retary shall reduce the interest rate applicable under sec-
12 tion 455(b) or 427A to a loan under part B or D held
13 by a borrower as of July 1, 2020, by 100 basis points
14 (or the equivalent), if the borrower of the loan, after the
15 effective date of the Affordable Loans for Any Student
16 Act—

17 “(1) changes from a repayment plan described
18 in subparagraphs (A) through (E) of section
19 455(d)(1) for such loan to an income-based repay-
20 ment plan under section 493C(c) or a fixed repay-
21 ment plan under section 493E; or

22 “(2) consolidates 1 or more loans under this
23 title, or described in section 428C(a)(4), that were
24 under a repayment plan described in subparagraphs
25 (A) through (E) of section 455(d)(1), or clauses (i)

1 through (v) of section 428(b)(9), into a Federal Di-
2 rect Consolidation Loan and selects an income-based
3 repayment plan under section 493C(e) or a fixed re-
4 payment plan under section 493E for the loan.

5 “(b) LIMITATION.—The interest rate for a loan eligi-
6 ble for the incentive under subsection (a) may be reduced
7 only once under this section.

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

11 **SEC. 105. AUTOMATIC RECERTIFICATION OF INCOME.**

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

15 “(f) ELIGIBILITY DETERMINATIONS AND AUTOMATIC
16 RECERTIFICATION.—

17 “(1) IN GENERAL.—Beginning as soon as the
18 Secretary determines practicable after the Secretary
19 finalizes the procedures under section 107 of the Af-
20 fordable Loans for Any Student Act, the Secretary
21 shall establish and implement, with respect to any
22 borrower described in paragraph (2), procedures
23 to—

24 “(A) obtain (for each year of repayment
25 and without further action by the borrower)

1 such information as is reasonably necessary re-
2 garding the income of such borrower (and the
3 borrower's spouse, if applicable), for the pur-
4 pose of determining the repayment obligation of
5 the borrower for such year, including informa-
6 tion with respect to the borrower's family size
7 in accordance with the procedures under such
8 section 107, subject to subparagraph (B);

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

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

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

1 “(2) APPLICABILITY.—

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

7 “(i) selects, or for whom the Secretary
8 selected under subparagraphs (C) or (D)
9 of paragraph (8), or paragraph (9), of sub-
10 section (d), or section 428(m)(1), an in-
11 come-based repayment plan; or

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

14 “(B) ELIGIBILITY EXCEPTION.—A bor-
15 rower for whom adjusted gross income is un-
16 available because the borrower has been granted
17 an extension on filing the borrower’s income
18 taxes or is undergoing an audit or examination
19 by the Internal Revenue Service shall not auto-
20 matically be eligible for the calculated monthly
21 payment of \$0 in accordance with paragraph
22 (1)(D) during such period. When the extension,
23 audit, or examination is completed, the Sec-
24 retary shall resume consideration of the bor-
25 rower for automatic recertification under the

1 procedures described in paragraph (1), includ-
2 ing subparagraph (D) of such paragraph (if ap-
3 plicable).

4 “(3) AVAILABILITY OF RETURNS AND RETURN
5 INFORMATION.—Returns and return information (as
6 defined in section 6103 of the Internal Revenue
7 Code of 1986) may be obtained under paragraph
8 (1)(A) only to the extent authorized by section
9 6103(l)(13) of such Code.”.

10 (b) INCOME-CONTINGENT REPAYMENT.—Section
11 455(e) of the Higher Education Act of 1965 (20 U.S.C.
12 1087e(e)) is amended—

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

16 (2) by adding at the end the following:

17 “(8) AUTOMATIC RECERTIFICATION.—

18 “(A) IN GENERAL.—Beginning as soon as
19 the Secretary determines practicable after the
20 Secretary finalizes the procedures under section
21 107 of the Affordable Loans for Any Student
22 Act, the Secretary shall establish and imple-
23 ment procedures that allow the automatic recer-
24 tification of income with respect to borrowers
25 described in subparagraph (B). Such proce-

1 dures shall, to the extent practicable, be the
2 same procedures described in section 493C(f).

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

6 “(i) who, on or after the date on
7 which the Secretary establishes procedures
8 under such subparagraph, applies to recer-
9 tify income and family size under such
10 plan; or

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

14 “(C) AVAILABILITY OF RETURNS AND RE-
15 TURN INFORMATION.—Returns and return in-
16 formation (as defined in section 6103 of the In-
17 ternal Revenue Code of 1986) may be obtained
18 under subparagraph (A) only to the extent au-
19 thorized by section 6103(l)(13) of such Code.

20 “(D) OTHER REQUIREMENTS.—The proce-
21 dures established by the Secretary under this
22 paragraph shall be consistent with the require-
23 ments of paragraphs (1) through (7), except as
24 otherwise provided in this paragraph.”.

1 **SEC. 106. DISCLOSURE OF TAX RETURN INFORMATION TO**
2 **CARRY OUT CERTAIN HIGHER EDUCATION**
3 **LOAN PROGRAMS.**

4 (a) IN GENERAL.—Paragraph (13) of section 6103(l)
5 of the Internal Revenue Code of 1986 is amended to read
6 as follows:

7 “(13) DISCLOSURE OF RETURN INFORMATION
8 TO CARRY OUT THE HIGHER EDUCATION ACT OF
9 1965.—

10 “(A) INCOME-CONTINGENT OR INCOME-
11 BASED REPAYMENT AND TOTAL AND PERMA-
12 NENT DISABILITY DISCHARGE.—The Secretary
13 shall, upon written request from the Secretary
14 of Education, disclose to officers, employees,
15 and contractors of the Department of Edu-
16 cation, as specifically authorized and designated
17 by the Secretary of Education, only for the pur-
18 pose of (and to the extent necessary in) estab-
19 lishing, renewing, administering, and con-
20 ducting analyses and forecasts for estimating
21 costs related to income-contingent or income-
22 based repayment programs, and the discharge
23 of loans based on a total and permanent dis-
24 ability (within the meaning of section 437(a) of
25 the Higher Education Act of 1965), under title
26 IV of the Higher Education Act of 1965, the

1 following return information (as defined in sub-
2 section (b)(2)) with respect to taxpayers identi-
3 fied by the Secretary of Education as partici-
4 pating in the loan programs under title IV of
5 such Act, for taxable years specified by such
6 Secretary:

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

9 “(ii) The filing status of such tax-
10 payer.

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

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

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

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

22 “(vii) Other information determined
23 to be necessary by agreement between the
24 Secretary and the Secretary of Education
25 to administer the Federal financial aid pro-

1 grams as required by the Higher Edu-
2 cation Act of 1965.

3 “(B) FEDERAL STUDENT FINANCIAL
4 AID.—The Secretary shall, upon written request
5 from the Secretary of Education, disclose to of-
6 ficers, employees, and contractors of the De-
7 partment of Education, as specifically author-
8 ized and designated by the Secretary of Edu-
9 cation, only for the purpose of (and to the ex-
10 tent necessary in) determining eligibility for,
11 and amount of, Federal student financial aid
12 under programs authorized by title IV of the
13 Higher Education Act of 1965 and conducting
14 analyses and forecasts for estimating costs re-
15 lated to such programs, the following return in-
16 formation (as defined in subsection (b)(2)) with
17 respect to taxpayers identified by the Secretary
18 of Education as applicants for Federal student
19 financial aid under title IV of such Act, for tax-
20 able years specified by such Secretary:

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

23 “(ii) The filing status of such tax-
24 payer.

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

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

5 “(v) The amount of any net earnings
6 from self-employment (as defined in sec-
7 tion 1402), wages (as defined in section
8 3121(a) or 3401(a)), and taxable income
9 from a farming business (as defined in sec-
10 tion 236A(e)(4)) for the period reported on
11 the return.

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

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

18 “(viii) Number of children with re-
19 spect to which tax credits under section 24
20 are claimed on the return.

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

23 “(x) Amount of individual retirement
24 account distributions not included in ad-
25 justed gross income for the taxable year.

1 “(xi) Amount of individual retirement
2 account contributions and payments to
3 self-employed SEP, Keogh, and other
4 qualified plans which were deducted from
5 income for the taxable year.

6 “(xii) The amount of tax-exempt in-
7 terest.

8 “(xiii) Amounts from retirement pen-
9 sions and annuities not included in ad-
10 justed gross income for the taxable year.

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

14 “(xv) Other information determined to
15 be necessary by agreement between the
16 Secretary and the Secretary of Education
17 to administer the Federal financial aid pro-
18 grams as required by the Higher Edu-
19 cation Act of 1965.

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

22 “(i) IN GENERAL.—Return informa-
23 tion disclosed under subparagraphs (A)
24 and (B) may be used by officers, employ-
25 ees, and contractors of the Department of

1 Education, as specifically authorized and
2 designated by the Secretary of Education,
3 only for the purposes and to the extent
4 necessary described in such subparagraphs
5 and for mitigating risks (as defined in
6 clause (ii)) relating to the programs de-
7 scribed in such subparagraphs.

8 “(ii) MITIGATING RISKS.—For pur-
9 poses of this subparagraph, the term ‘miti-
10 gating risks’ means, with respect to the
11 programs described in subparagraphs (A)
12 and (B)—

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

16 “(II) oversight activities by the
17 Office of Inspector General of the De-
18 partment of Education as authorized
19 by the Inspector General Act of 1978,
20 as amended,

21 “(III) developing or admin-
22 istering statistical models that inform
23 support to populations of Federal stu-
24 dent loan borrowers who are at risk of
25 default or delinquency,

1 “(IV) reducing the net cost of
2 improper payments to Federal finan-
3 cial aid recipients, and

4 “(V) producing aggregate statis-
5 tics for reporting, research, or con-
6 sumer information on the performance
7 of programs or institutions of higher
8 education participating in the pro-
9 grams under title IV of the Higher
10 Education Act of 1965.

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

13 “(iii) REDISCLOSURE TO INSTITU-
14 TIONS OF HIGHER EDUCATION, STATE
15 HIGHER EDUCATION AGENCIES, AND DES-
16 IGNATED SCHOLARSHIP ORGANIZATIONS.—
17 The Secretary of Education, and officers,
18 employees, and contractors of the Depart-
19 ment of Education, may disclose return in-
20 formation received under subparagraph
21 (B), solely for the use in the application,
22 award, and administration of Federal stu-
23 dent financial aid, State aid, or aid award-
24 ed by eligible institutions or such entities

1 as the Secretary of Education may des-
2 ignate, to the following persons:

3 “(I) An institution of higher edu-
4 cation with which the Secretary of
5 Education has an agreement under
6 subpart 1 of part A, or part D or E,
7 of title IV of the Higher Education
8 Act of 1965.

9 “(II) A State higher education
10 agency.

11 “(III) A scholarship organization
12 which is designated by the Secretary
13 of Education as of the effective date
14 of the Affordable Loans for Any Stu-
15 dent Act as an organization eligible to
16 receive the information provided
17 under this clause.

18 The preceding sentence shall only apply to
19 the extent that the taxpayer with respect
20 to whom the return information relates
21 provides consent for such disclosure to the
22 Secretary of Education as part of the ap-
23 plication for Federal student financial aid
24 under title IV of the Higher Education Act
25 of 1965.

1 “(D) REQUIRED NOTIFICATION PERI-
2 ODS.—

3 “(i) NOTIFICATION TO CONGRESS.—

4 The Secretary and the Secretary of Edu-
5 cation shall issue joint notifications to the
6 Committees on Finance and Health, Edu-
7 cation, Labor, and Pensions of the Senate
8 and the Committees on Ways and Means
9 and Education and Labor of the House of
10 Representatives not less than 120 days
11 prior to the first disclosure of any type of
12 return information under subparagraph
13 (A)(vii) or (B)(xv) with respect to which
14 such a notification has not been previously
15 made.

16 “(ii) PUBLIC NOTICE AND COM-
17 MENT.—There shall be a public notice and
18 comment period beginning not less than 60
19 days prior to the first disclosure of any
20 type of return information under subpara-
21 graph (A)(vii) or (B)(xv) with respect to
22 which such a notification has not been pre-
23 viously made, subsequent to the period al-
24 lotted for Congressional comment under
25 clause (i).”.

1 (b) CONFIDENTIALITY OF RETURN INFORMATION.—
2 Section 6103(a)(3) of such Code is amended by inserting
3 “, (13)(A), (13)(B)” after “(12)”.

4 (c) CONFORMING AMENDMENTS.—Section
5 6103(p)(4) of such Code is amended—

6 (1) by inserting “(A), (13)(B)” after “(13)”
7 each place it occurs; and

8 (2) by inserting “, (13)(A), (13)(B)” after
9 “(l)(10)” each place it occurs.

10 (d) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to disclosures made under section
12 6103(l)(13) of the Internal Revenue Code of 1986 (as
13 amended by this section) after the date of the enactment
14 of this Act.

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

18 **“SEC. 494. NOTIFICATION OF REQUEST FOR TAX RETURN**
19 **INFORMATION.**

20 “The Secretary shall advise students and borrowers
21 who submit an application for Federal student financial
22 aid under this title or for the discharge of a loan based
23 on permanent and total disability, as described in section
24 437(a), or who request an income-contingent or income-
25 based repayment plan on their loan (as well as parents

1 and spouses who sign such an application or request or
2 a Master Promissory Note on behalf of those students and
3 borrowers) that the Secretary has the authority to request
4 that the Internal Revenue Service disclose their tax return
5 information (as well as that of parents and spouses who
6 sign such an application or request or a Master Promis-
7 sory Note on behalf of those students and borrowers) to
8 officers, employees, and contractors of the Department of
9 Education as authorized under section 6103(1)(13) of the
10 Internal Revenue Code of 1986, to the extent necessary
11 for the Secretary to carry out this title.”.

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

15 [“(q) reserved”.]

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

19 **SEC. 107. STUDY AND PROCEDURES ON DETERMINING FAM-**
20 **ILY SIZE.**

21 (a) IN GENERAL.—The Secretary of Education, act-
22 ing jointly with the Secretary of the Treasury, shall—

23 (1) not later than 1 year after the date of en-
24 actment of this Act, publish, in the Federal Register,
25 notice of the Secretary’s intent to conduct a study

1 on the effect of using data from the Internal Rev-
2 enue Service such as personal exemptions, filing sta-
3 tus, or child tax credits, as proxies for family size
4 in an income-driven repayment plan, and invite pub-
5 lic comment regarding the study;

6 (2) after reviewing any public comments pro-
7 vided under paragraph (1), conduct the study and
8 publish the results of the study in the Federal Reg-
9 ister;

10 (3) use the results of the study conducted under
11 paragraph (1) to develop procedures for determining
12 family size for the automatic recertification of in-
13 come for an income-driven repayment plan in a man-
14 ner that minimizes burdens and unintended harm to
15 borrowers;

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

18 (5) after a notice and comment period on such
19 procedures, use such comments to finalize the proce-
20 dures.

21 (b) SPECIFICATIONS.—The study conducted under
22 subsection (a) shall—

23 (1) be completed, with the results published
24 pursuant to subsection (a)(2), not later than 3 years
25 after the date of enactment of this Act;

1 (2) determine how closely personal exemptions,
2 filing status, or child tax credits match the family
3 size that borrowers report on their income-driven re-
4 payment plan request form;

5 (3) compare the borrower’s actual monthly pay-
6 ment amount with the monthly payment amount
7 borrowers would have using family size information
8 derived from tax returns;

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

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

14 (c) DEFINITION.—The term “income-driven repay-
15 ment plan” has the meaning given the term in section
16 6103(l)(13)(F) of the Internal Revenue Code of 1986, as
17 amended by section 106.

18 **TITLE II—ENDING INTEREST**
19 **CAPITALIZATION AND ORIGI-**
20 **NATION FEES**

21 **SEC. 201. ENDING INTEREST CAPITALIZATION FOR FED-**
22 **ERAL DIRECT LOANS.**

23 (a) IN GENERAL.—Section 455 (20 U.S.C. 1087e) is
24 amended—

25 (1) in subsection (b)—

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

3 (B) by adding at the end the following:

4 “(11) INTEREST PRACTICES.—

5 “(A) IN GENERAL.—Beginning on the ef-
6 fective date of the Affordable Loans for Any
7 Student Act, interest on a loan made under this
8 part shall accrue and only be added to the bal-
9 ance of interest due on the loan, and shall not
10 ever be capitalized.

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

13 “(i) IN GENERAL.—Beginning on the
14 effective date of the Affordable Loans for
15 Any Student Act, interest on loans made
16 under this part for which payments of
17 principal are not required during the in-
18 school and grace periods or for which pay-
19 ments are deferred in accordance with sec-
20 tions 427(a)(2)(C) and 428(b)(1)(M) shall
21 accrue and be added to the balance of in-
22 terest due from the borrower when the
23 loan enters repayment, but shall not ever
24 be capitalized.

1 “(ii) NOTICE REQUIREMENT.—The
2 Secretary shall adjust any forbearance no-
3 tice required in accordance with section
4 428(a)(3)(A)(iii) to reflect the availability
5 of the pause payment process pursuant to
6 section 460B and the treatment of interest
7 under such section.

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

18 (2) in subsection (e)(5)—

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

23 (B) by striking the second sentence; and

24 (3) in subsection (q)(2), by striking the second
25 sentence and inserting the following: “Such interest

1 shall be paid or shall accrue but not be capitalized
2 in accordance with subsection (b)(11)(B).”.

3 (b) INCOME-BASED REPAYMENT PLANS.—Para-
4 graph (3)(B) of section 493C(b) (20 U.S.C.
5 1098e(b)(3)(B)) is amended to read as follows:

6 “(B)(i) beginning on the effective date of
7 the Affordable Loans for Any Student Act, for
8 an eligible loan issued under part D or not oth-
9 erwise described in clause (ii), shall not be cap-
10 italized and shall be added to the balance of in-
11 terest due for the loan; and

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

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

18 “(II) begins making payments of not
19 less than the amount specified in para-
20 graph (6)(A);”.

21 **SEC. 202. ELIMINATION OF ORIGINATION FEES FOR FED-**
22 **ERAL DIRECT LOANS.**

23 (a) REPEAL OF ORIGINATION FEES.—Subsection (c)
24 of section 455 (20 U.S.C. 1087e(c)) is repealed.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 subsection (a) shall apply with respect to loans made
 3 under part D of title IV of the Higher Education Act of
 4 1965 (20 U.S.C. 1087a et seq.) for which the first dis-
 5 bursement of principal is made, or, in the case of a Fed-
 6 eral Direct Consolidation Loan, the application is received,
 7 on or after July 1, 2020.

8 **TITLE III—PROVIDING ASSIST-**
 9 **ANCE IN SITUATIONS OF BOR-**
 10 **ROWER DISTRESS**

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

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

15 **“SEC. 460A. LIMITS ON SEIZING INCOME FOR DEBT RELAT-**
 16 **ING TO FEDERAL STUDENT LOANS.**

17 “(a) DEFINITIONS.—In this section—

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

21 “(2) the term ‘poverty line’ means the poverty
 22 line (as defined by the Office of Management and
 23 Budget and revised annually in accordance with sec-
 24 tion 673(2) of the Community Services Block Grant

1 Act (42 U.S.C. 9902(2))) applicable to a family of
2 the size involved.

3 “(b) LIMITATION ON COLLECTION.—

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

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

19 “(3) PRESUMPTION.—For purposes of this sec-
20 tion, if an entity described in paragraph (1) is un-
21 able to determine the family size of a borrower after
22 taking reasonable steps to collect the information
23 necessary to do so, that person shall presume that
24 the family size of the borrower is 1 individual.

1 “(c) COMMUNICATIONS.—Any communication by an
2 entity described in subsection (b)(1) that is for the pur-
3 pose of seizing income of a consumer for debt that relates
4 to a loan made under this title shall—

5 “(1) be considered—

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

7 “(B) conduct in connection with the collec-
8 tion of a debt for the purposes of this title; and

9 “(2) contain a notice to the borrower that, con-
10 sistent with the procedures for rehabilitating a loan
11 pursuant to section 428F(a) or consolidating loans
12 out of default as described in section
13 428C(a)(3)(B)(i)(V), the borrower may exit default
14 and reenter current repayment status (as defined in
15 section 428(l)(2)(C)) with a similar monthly pay-
16 ment amount on an income-based repayment plan
17 under section 493C(e) and thereby obtain the full
18 flexibility and benefits of such status, including the
19 ability to adjust family size and make qualifying
20 payments for purposes of repayment or cancellation
21 of any outstanding balance of principal and interest
22 due on a loan (as described in section 493C(b)(7)).

23 “(d) REMEDIES.—

24 “(1) FIRST TIER.—The Secretary may impose a
25 civil penalty on an entity for a violation of this sec-

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

3 “(2) SECOND TIER.—Notwithstanding para-
4 graph (1), the Secretary may impose a civil penalty
5 on an entity that recklessly engages in a violation of
6 this section not to exceed \$25,000 for each day dur-
7 ing which such violation continues.

8 “(3) THIRD TIER.—Notwithstanding para-
9 graphs (1) and (2), the Secretary may impose a civil
10 penalty on an entity that knowingly violates this sec-
11 tion not to exceed \$1,000,000 for each day during
12 which such violation continues.

13 “(4) NO EXEMPLARY OR PUNITIVE DAMAGES.—
14 Nothing in this subsection shall be construed as au-
15 thorizing the imposition of exemplary or punitive
16 damages.

17 “(5) ENTITIES SUBJECT TO PENALTY.—An en-
18 tity subject to a penalty under this subsection may
19 include a contractor or agent of the Department.”.

20 **SEC. 302. ALLOWING FOR MULTIPLE LOAN REHABILI-**
21 **TATIONS.**

22 (a) FFEL LOANS.—Section 428F(a)(5) (20 U.S.C.
23 1078–6(a)(5)) is amended by striking “one time per loan”
24 and inserting “2 times per loan”.

1 (b) DIRECT LOANS.—Section 455(d) (20 U.S.C.
2 1087e(d)), as amended by section 103, is further amended
3 by adding at the end the following:

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

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

12 (a) ESTABLISHMENT OF PAUSE PAYMENT PROC-
13 ESS.—Part D of title IV (20 U.S.C. 1087a et seq.), as
14 amended by section 301, is further amended by adding
15 at the end the following:

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

17 “(a) IN GENERAL.—The Secretary shall establish a
18 single, streamlined pause payment process available in a
19 single application with respect to loans made under this
20 part that replaces the deferment and forbearance options
21 and their respective applications that are available to bor-
22 rowers before the effective date of the Affordable Loans
23 for Any Student Act and provides temporary relief from
24 repayment of such loans in accordance with this section.

1 “(b) APPLICATION FOR RELIEF.—Notwithstanding
2 any other provision of this Act, a borrower of a loan made
3 under this part that desires to receive temporary relief
4 from repayment with respect to such loan shall request
5 relief in accordance with the pause payment process estab-
6 lished by the Secretary under subsection (a), which shall
7 include the options to select a temporary cessation of pay-
8 ments and to make smaller payments than the monthly
9 payments required under the borrower’s repayment plan.

10 “(c) PAUSE PAYMENT.—

11 “(1) IN GENERAL.—A borrower of a loan made
12 under this part who meets the requirements de-
13 scribed in paragraph (2) shall be eligible for a pause
14 payment, during which periodic installments of prin-
15 cipal need not be paid, and interest—

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

17 “(i) Federal Direct Stafford Loan; or

18 “(ii) a Federal Direct Consolidation
19 Loan that consolidated only Federal Direct
20 Stafford Loans, or a combination of such
21 loans and Federal Stafford Loans for
22 which the student borrower received an in-
23 terest subsidy under section 428; or

24 “(B) shall accrue and be added to the bal-
25 ance of interest due but not be capitalized, or

1 be paid by the borrower, in the case of a Fed-
2 eral Direct PLUS Loan, a Federal Direct Un-
3 subsidized Stafford Loan, or a Federal Direct
4 Consolidation Loan not described in subpara-
5 graph (A)(ii).

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

9 “(A) during which—

10 “(i) the borrower is carrying at least
11 one-half the normal full-time work load for
12 the course of study that the borrower is
13 pursuing, as determined by the eligible in-
14 stitution (as such term is defined in sec-
15 tion 435(a)) the student is attending; or

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

21 “(B) during which the borrower is pur-
22 suing a course of study pursuant to a graduate
23 fellowship program approved by the Secretary;

1 “(C) during which the borrower is serving
2 in a medical or dental internship or residency
3 program;

4 “(D) during which the borrower is in a re-
5 habilitation training program for individuals
6 with disabilities approved by the Secretary;

7 “(E) during which the borrower—

8 “(i) is serving on active duty during a
9 war or other military operation or national
10 emergency and for the 180-day period fol-
11 lowing the demobilization date for the serv-
12 ice; or

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

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

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

24 “(i) an approved national service posi-
25 tion (as defined in section 101 of the Na-

1 tional and Community Service Act of 1990
2 (42 U.S.C. 12511)) in an Americorps pro-
3 gram (defined for purposes of this sub-
4 paragraph as a program carried out under
5 subtitle C or E of title I of the National
6 and Community Service Act of 1990 (42
7 U.S.C. 12571 et seq., 12611 et seq.) or
8 title I of the Domestic Volunteer Service
9 Act of 1973 (42 U.S.C. 4951 et seq.);

10 “(ii) in the Peace Corps; or

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

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

22 “(I) during which a borrower’s ability to
23 make payments, as determined by the Sec-
24 retary, has been adversely affected by—

1 “(i) any major disaster or emergency
2 declared by the President under section
3 401 or 501, respectively, of the Robert T.
4 Stafford Disaster Relief and Emergency
5 Assistance Act (42 U.S.C. 5170, 5191);

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

8 “(iii) a military mobilization;

9 “(J) during which the borrower is awaiting
10 a determination by the Secretary of the bor-
11 rower’s request for a pause payment, change in
12 repayment plan, loan forgiveness or cancella-
13 tion, or consolidation loan; or

14 “(K) during which the borrower is experi-
15 encing other exceptional circumstances for
16 which pause payment under this section is in
17 the best interest of the borrower, as determined
18 by the Secretary through regulation.”.

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

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

24 (2) by striking subsection (f) and inserting the
25 following:

1 “(f) **reserved**”; and

2 (3) in subsection (l)—

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

6 (B) by striking paragraph (2).

7 **SEC. 304. AUTOMATIC ENROLLMENT INTO INCOME-BASED**
8 **REPAYMENT FOR BORROWERS WHO ARE DE-**
9 **LINQUENT ON LOANS AND FOR BORROWERS**
10 **WHO REHABILITATE DEFAULTED LOANS.**

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

15 “(9) NOTIFICATION AND AUTOMATIC ENROLL-
16 MENT PROCEDURES FOR BORROWERS WHO ARE DE-
17 LINQUENT ON LOANS.—

18 “(A) AUTHORITY TO OBTAIN INCOME IN-
19 FORMATION.—

20 “(i) IN GENERAL.—In the case of any
21 borrower who is at least 60 days delin-
22 quent on a loan made under this part, the
23 Secretary may obtain such information as
24 is reasonably necessary regarding the in-

1 come and family size of the borrower (and
2 the borrower’s spouse, if applicable).

3 “(ii) AVAILABILITY OF RETURNS AND
4 RETURN INFORMATION.—Returns and re-
5 turn information (as defined in section
6 6103 of the Internal Revenue Code of
7 1986) may be obtained under this subpara-
8 graph only to the extent authorized by sec-
9 tion 6103(l)(13) of such Code.

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

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

24 “(ii) A brief description of the repay-
25 ment plans for which the borrower is eligi-

1 ble and the borrower’s loans made under
2 this part, and loans made, insured, or
3 guaranteed under part B or E, that may
4 be eligible for such plans, based on infor-
5 mation available to the Secretary.

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

8 “(iv) The amount of monthly pay-
9 ments for the loans made under this part,
10 and any loans made, insured, or guaran-
11 teed under part B or E, under the repay-
12 ment plans for which the borrower is eligi-
13 ble, based on information available to the
14 Secretary, including, if the income infor-
15 mation of the borrower is available to the
16 Secretary under subparagraph (A)—

17 “(I) the amount of the monthly
18 payment under the income-based re-
19 payment plan under section 493C(c)
20 for which the borrower is eligible for
21 the borrower’s loans made under this
22 part, based on such income informa-
23 tion; and

24 “(II) the income, family size, tax
25 filing status, and tax year information

1 on which each the monthly payment is
2 based.

3 “(v) An explanation that the Sec-
4 retary shall take the actions under sub-
5 paragraph (C) with respect to such bor-
6 rower, if—

7 “(I) the borrower is 120 days de-
8 linquent on one or more loans under
9 this part and has not selected a new
10 repayment plan for the borrower’s
11 loans under this part; and

12 “(II) in the case of such a bor-
13 rower whose repayment plan for any
14 loans made under this part is not an
15 income-based repayment plan under
16 section 493C(c), the monthly pay-
17 ments under such repayment plan are
18 higher than such monthly payments
19 would be under an income-based re-
20 payment plan for such loans.

21 “(vi) Instructions on updating the in-
22 formation of the borrower obtained under
23 subparagraph (A).

24 “(C) SECRETARY’S INITIAL SELECTION OF
25 PLAN.—With respect to each borrower de-

1 scribed in subparagraph (B) who has a repay-
2 ment plan for loans made under this part that
3 meets the requirements of clause (v)(II) of sub-
4 paragraph (B), who has not selected a new re-
5 payment plan for such loans in accordance with
6 the notice received under such subparagraph,
7 and who is at least 120 days delinquent on such
8 a loan, the Secretary shall, as soon as prac-
9 ticable—

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

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

23 “(D) SECRETARY’S ADDITIONAL SELEC-
24 TION OF PLAN.—

1 “(i) IN GENERAL.—With respect to
2 each borrower of a loan made under this
3 part who selects a new repayment plan in
4 accordance with the notice received under
5 subparagraph (B) and who continues to be
6 delinquent on such loan for a period de-
7 scribed in clause (ii), the Secretary shall,
8 as soon as practicable after such period,
9 carry out the procedures described in sub-
10 paragraph (C) for the borrower’s loans
11 made under this part, if such procedures
12 would result in lower monthly repayment
13 amounts on such loan.

14 “(ii) DESCRIPTION OF PERIOD.—The
15 duration of the period described in clause
16 (i) shall be the amount of time that the
17 Secretary determines is sufficient to indi-
18 cate that the borrower may benefit from
19 repaying such loan under a new repayment
20 plan, but in no case shall such period be
21 less than 60 days.

22 “(E) OPT-OUT.—A borrower of a loan
23 made under this part shall have the right to opt
24 out of the procedures under this paragraph.

1 “(F) PROCEDURES.—The Secretary shall
2 establish procedures as are necessary to effec-
3 tively implement this paragraph.

4 “(10) NOTIFICATION AND AUTOMATIC ENROLL-
5 MENT PROCEDURES FOR BORROWERS WHO ARE RE-
6 HABILITATING DEFAULTED LOANS.—

7 “(A) AUTHORITY TO OBTAIN INCOME IN-
8 FORMATION.—

9 “(i) IN GENERAL.—In the case of any
10 borrower who is rehabilitating a loan made
11 under this part pursuant to section
12 428F(a), the Secretary may obtain such
13 information as is reasonably necessary re-
14 garding the income and family size of the
15 borrower (and the borrower’s spouse, if ap-
16 plicable).

17 “(ii) AVAILABILITY OF RETURNS AND
18 RETURN INFORMATION.—Returns and re-
19 turn information (as defined in section
20 6103 of the Internal Revenue Code of
21 1986) may be obtained under this subpara-
22 graph only to the extent authorized by sec-
23 tion 6103(l)(13) of such Code.

24 “(B) BORROWER NOTIFICATION.—Not
25 later than 30 days after a borrower makes the

1 6th payment required for the loan rehabilitation
2 described in subparagraph (A), the Secretary
3 shall notify the borrower of the process under
4 subparagraph (C) with respect to such loan.

5 “(C) SECRETARY’S AUTOMATIC ENROLL-
6 MENT.—With respect to each borrower who has
7 made the 9th payment required for the loan re-
8 habilitation described in subparagraph (A) and
9 is eligible for the income-based repayment plan
10 under section 493C(c), the Secretary shall, as
11 soon as practicable after such payment, provide
12 the borrower with the income-based repayment
13 plan.

14 “(D) OPT-OUT.—A borrower of a loan
15 made under this part shall have the right to opt
16 out of the procedures under this paragraph.

17 “(E) PROCEDURES.—The Secretary shall
18 establish procedures as are necessary to effec-
19 tively implement this paragraph.”.

20 (b) EFFECTIVE DATE.—The amendments made by
21 subsection (a) shall—

22 (1) take effect as soon as the Secretary of Edu-
23 cation determines practicable after the Secretary fi-
24 nalizes the procedures under section 107; and

1 (2) apply to all borrowers of loans made under
2 part D of title IV of the Higher Education Act of
3 1965 (20 U.S.C. 1087a et seq.).

4 **SEC. 305. SEPARATING JOINT CONSOLIDATION LOANS.**

5 (a) IN GENERAL.—Section 455(g) (20 U.S.C.
6 1087e(g)), as amended by section 104, is further amended
7 by adding at the end the following:

8 “(3) SEPARATING JOINT CONSOLIDATION
9 LOANS.—

10 “(A) IN GENERAL.—A married couple, or
11 2 individuals who were previously a married
12 couple, and who received a joint consolidation
13 loan as such married couple under subpara-
14 graph (C) of section 428C(a)(3) (as such sub-
15 paragraph was in effect on or before June 30,
16 2006), may apply to the Secretary for each in-
17 dividual borrower in the married couple (or pre-
18 viously married couple) to receive a separate
19 Federal Direct Consolidation Loan under this
20 part—

21 “(i) that shall—

22 “(I) unless the Secretary receives
23 notice of an agreement described in
24 subclause (II)(aa), be equal to the
25 sum of—

1 “(aa) the unpaid principal
2 and accrued unpaid interest of
3 the percentage of the joint con-
4 solidation loan that, as of the day
5 before such joint consolidation
6 loan was made, was attributable
7 to the loans of the individual bor-
8 rower for whom such separate
9 consolidation loan is being made;
10 and

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

16 “(II) be equal to the sum of—

17 “(aa) the unpaid principal
18 and accrued unpaid interest of
19 the percentage of the joint con-
20 solidation loan that, as of the
21 date of application under this
22 paragraph, the married couple
23 (or previously married couple)
24 agrees shall be considered attrib-
25 utable to the loans of the indi-

1 individual borrower for whom such
2 separate consolidation loan is
3 being made; and

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

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

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

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

23 “(iii) except as otherwise provided in
24 this paragraph, that has the same terms

1 and conditions, and rate of interest as the
2 joint consolidation loan;

3 “(iv) for which any payment made
4 under subsection (m)(1)(A) on the joint
5 consolidation loan during a period in which
6 the individual borrower for whom such sep-
7 arate consolidation loan is being made was
8 employed in a public service job described
9 in subsection (m)(1)(B) shall be treated as
10 if such payment were made on such sepa-
11 rate consolidation loan; and

12 “(v) for which any payment made
13 under an income contingent repayment
14 plan under subsection (d)(1)(D), or an in-
15 come-based repayment plan under para-
16 graph (1)(E) or (2)(A)(ii) of subsection
17 (d), on the joint consolidation loan shall be
18 treated as if such payment were made on
19 such separate consolidation loan.

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

22 “(i) JOINT APPLICATION.—Except as
23 provided in clause (ii), to receive separate
24 consolidation loans under subparagraph
25 (A), both individual borrowers in a married

1 couple (or previously married couple) shall
2 jointly apply under such subparagraph.

3 “(ii) SEPARATE APPLICATION.—An
4 individual borrower in a married couple (or
5 previously married couple) may apply for a
6 separate consolidation loan under subpara-
7 graph (A) separately and without regard to
8 whether or when the other individual bor-
9 rower in the married couple (or previously
10 married couple) applies under such sub-
11 paragraph, in a case in which—

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

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

19 “(bb) economic abuse (in-
20 cluding behaviors that control
21 such borrower’s ability to ac-
22 quire, use, and maintain access
23 to money, credit, or the joint fi-
24 nancial obligations of both bor-
25 rowers); or

1 “(cc) other exceptional cir-
2 cumstances, as determined by the
3 Secretary; and

4 “(II) the Secretary determines
5 that authorizing each individual bor-
6 rower to apply separately under sub-
7 paragraph (A) would be in the best
8 fiscal interests of the Federal Govern-
9 ment, including by reducing the risk
10 of delinquency or default.

11 “(C) BORROWER ELIGIBILITY.—Notwith-
12 standing section 428C(a)(3)(A), the Secretary
13 shall provide a consolidation loan under this
14 part to each borrower who—

15 “(i) applies for such loan under sub-
16 paragraph (A); and

17 “(ii) meets the requirements of sub-
18 paragraphs (A) and (B).

19 “(D) SPECIAL RULE.—Notwithstanding
20 any other provision of this title, an individual
21 who has a joint consolidation loan and wishes
22 for the Secretary to discharge the loans due to
23 total and permanent disability pursuant to sec-
24 tion 437(a), shall first separate the joint con-
25 solidation loan in accordance with this section

1 before the Secretary may discharge any portion
2 of the loan.”.

3 (b) CONFORMING AMENDMENT.—Section
4 428C(a)(3)(B)(i)(V) (20 U.S.C. 1078–3(3)(B)(i)(V)) is
5 amended—

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

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

9 (3) by adding at the end the following:

10 “(dd) for the purpose of sepa-
11 rating a joint consolidation loan into 2
12 separate Federal Direct Consolidation
13 Loans under section 455(g)(3).”.

14 **SEC. 306. REMOVING THE COLLECTION COST REQUIRE-**
15 **MENT.**

16 (a) REMOVAL OF REQUIREMENT.—Section
17 484A(b)(1) (20 U.S.C. 1091a(b)(1)) is amended by strik-
18 ing “shall be required to pay, in addition to other charges
19 specified in this title, reasonable collection costs” and in-
20 serting “shall not be required to pay collection costs”.

21 (b) REPAYMENT AFTER DEFAULT.—Section
22 455(d)(6) (20 U.S.C. 1087e(d)(6)), as redesignated under
23 section 103(b), is amended by striking “to—” and all that
24 follows through the period at the end and inserting “to

1 repay the loan pursuant to an income-based repayment
2 plan under section 493C(c).”.

3 **TITLE IV—IMPROVING LOAN IN-**
4 **FORMATION AND COUN-**
5 **SELING**

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

8 (a) STUDENT LOAN CONTRACT.—Section 455 (20
9 U.S.C. 1087e), as amended by section 202, is further
10 amended by inserting after subsection (b) the following:

11 “(c) STUDENT LOAN CONTRACT; SIMPLIFYING LOAN
12 DISCLOSURES.—

13 “(1) STUDENT LOAN CONTRACT.—

14 “(A) IN GENERAL.—Any master promis-
15 sory note form described in section
16 432(m)(1)(D) that is developed or used for cov-
17 ered loans shall be referred to as a ‘student
18 loan contract’.

19 “(B) CLARIFICATION ON USE.—Notwith-
20 standing section 432(m)(1)(D)(i), each student
21 loan contract for a covered loan shall—

22 “(i) not be entered into by a student
23 unless the student has completed all re-
24 quired counseling related to such loan, in-

1 cluding counseling required under section
2 485(l);

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

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

11 “(iv) include options for the student
12 to enter both the student’s current contact
13 information and permanent contact infor-
14 mation that is likely to remain valid upon
15 the student’s exit from the institution.

16 “(C) COVERED LOAN.—

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

23 “(ii) EXCEPTION.—A borrower is de-
24 scribed in this clause if the loan made
25 under this part on or after the effective

1 date of the Affordable Loans for Any Stu-
2 dent Act with respect to such borrower is
3 for the 2020–2021 academic year and the
4 borrower has already taken out a loan
5 under this part (other than a Federal Di-
6 rect Consolidation Loan) for such aca-
7 demic year (including any such loan for at-
8 tendance at another institution from which
9 the student transferred or in which the
10 student had previously enrolled).

11 “(2) LOAN DISCLOSURES.—For loans made
12 under this part for periods of enrollment beginning
13 on or after the effective date of the Affordable
14 Loans for Any Student Act, the Secretary shall take
15 such steps as are necessary to streamline the stu-
16 dent loan disclosure requirements under this Act.
17 The Secretary shall ensure that information required
18 to be disclosed to a student who is applying for, re-
19 ceiving, or preparing to repay a loan under this part
20 shall be consumer-tested and delivered in a manner
21 that—

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

24 “(B) limits the number of times a student
25 is presented with disclosures by incorporating

1 the streamlined disclosures into required stu-
2 dent loan counseling under section 485(l), the
3 student loan contract under this subsection, or
4 both; and

5 “(C) is effective in helping the student un-
6 derstand the student’s rights and obligations as
7 a Federal student loan borrower.

8 “(3) ANNUAL LOAN ACCEPTANCE.—Prior to
9 making the first disbursement of a covered loan
10 (other than a Federal Direct Consolidation Loan) to
11 a borrower for an academic year, the eligible institu-
12 tion shall ensure that the borrower—

13 “(A) has completed the applicable coun-
14 seling under paragraph (2) or (3) of section
15 485(l); and

16 “(B) after completing such counseling, ac-
17 cepts the loan for such academic year by—

18 “(i) signing and returning to the insti-
19 tution the student loan contract described
20 in section 455(c)(1) that affirmatively
21 states that the borrower accepts the loan;
22 or

23 “(ii) electronically signing an elec-
24 tronic version of such student loan con-
25 tract, which may be done through the on-

1 line counseling tool in accordance with sec-
2 tion 485(n)(1)(B).”.

3 (b) CONFORMING AMENDMENT.—Section 487(a)(7)
4 (20 U.S.C. 1094(a)(7)) is amended by striking “section
5 485” and inserting “sections 455(c)(3) and 485”.

6 **SEC. 402. ANNUAL AND PRE-LOAN INFORMATION AND**
7 **COUNSELING REQUIREMENTS.**

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

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

12 “(1) ANNUAL COUNSELING REQUIREMENT FOR
13 INSTITUTIONS.—

14 “(A) IN GENERAL.—Each eligible institu-
15 tion shall ensure that each individual for whom
16 the institution has knowledge that the student
17 has accepted, or will accept, 1 or more student
18 loans under part D (including any such loans
19 for attendance at another institution from
20 which the student transferred or in which the
21 student had previously enrolled, other than a
22 Federal Direct Consolidation Loan) for an aca-
23 demic year, receives comprehensive information
24 on the terms and conditions of such loans and
25 the responsibilities the individual has with re-

1 spect to such loans. Such information shall be
 2 provided, for each academic year for which the
 3 individual receives such loans, in a simple, un-
 4 derstandable, and consumer-friendly manner—

5 “(i) during a counseling session con-
 6 ducted in person;

7 “(ii) online, with the individual ac-
 8 knowledging receipt of the information; or

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

12 “(B) USE OF INTERACTIVE PROGRAMS.—

13 In the case of institutions not using the online
 14 counseling tool described in subsection
 15 (n)(1)(B), the Secretary shall require such in-
 16 stitutions to carry out the requirements of sub-
 17 paragraph (A) through the use of interactive
 18 programs, during an annual counseling session
 19 that is in-person or online, that test the individ-
 20 ual’s understanding of the terms and conditions
 21 of the loan awarded to the individual, using
 22 simple and understandable language and clear
 23 formatting.

24 “(2) ANNUAL LOAN COUNSELING FOR BOR-
 25 ROWERS RECEIVING LOANS MADE UNDER PART D

1 (OTHER THAN PARENT PLUS LOANS).—The informa-
2 tion to be provided under paragraph (1)(A) to a bor-
3 rower of a loan made under part D (other than a
4 Federal Direct PLUS Loan made on behalf of a de-
5 pendent student) shall include the following:

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

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

23 “(C) The student’s estimated monthly pay-
24 ment amounts for loans made, insured, or guar-
25 anteed under this title based on—

1 “(i) the fixed repayment plan de-
2 scribed under section 493E for loans
3 issued under part B or D; and

4 “(ii) the income-based repayment plan
5 under section 493C(c), utilizing individual-
6 ized data applicable to the borrower as de-
7 scribed in paragraph (4).

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

14 “(E) An explanation of the use of the stu-
15 dent loan contract referred to in section 455(e).

16 “(F) A recommendation to the borrower to
17 exhaust the borrower’s Federal student loan op-
18 tions prior to taking out private education
19 loans, an explanation that Federal student
20 loans typically offer better terms and conditions
21 than private education loans, an explanation
22 that Federal student loans offer consumer pro-
23 tections typically not available in the private
24 education loan market, an explanation of treat-
25 ment of loans made under part D and private

1 education loans in bankruptcy, and an expla-
2 nation that if a borrower decides to take out a
3 private education loan—

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

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

12 “(iii) the borrower has a right—

13 “(I) to accept the terms of the
14 private education loan within 30 cal-
15 endar days following the date on
16 which the application for such loan is
17 approved and the borrower receives
18 the required disclosure documents,
19 pursuant to section 128(e) of the
20 Truth in Lending Act (15 U.S.C.
21 1638(e)); and

22 “(II) to cancel such loan within 3
23 business days of the date on which the
24 loan is consummated, pursuant to sec-

1 tion 128(e)(7) of such Act (15 U.S.C.
2 1638(e)(7)).

3 “(G) An explanation of the importance of
4 contacting the appropriate offices at the institu-
5 tion of higher education if the borrower with-
6 draws prior to completing the borrower’s pro-
7 gram of study so that the institution can pro-
8 vide exit counseling, including information re-
9 garding the borrower’s repayment options and
10 loan consolidation.

11 “(H) An explanation of the obligation of
12 the borrower to repay the full amount of the
13 loan, regardless of whether the borrower com-
14 pletes or does not complete the program in
15 which the borrower is enrolled within the reg-
16 ular time for program completion.

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

21 “(J) Information as to how the student
22 can access the loan records of the student and
23 the contact information for inquiries regarding
24 repaying the loan.

1 “(K) The contact information for the fi-
2 nancial aid office, or other appropriate office, at
3 the institution that the borrower may contact if
4 the borrower has any questions about the bor-
5 rower’s rights and responsibilities or the terms
6 and conditions of the loan.

7 “(L) An explanation that the student has
8 the right to annually request a copy of the cred-
9 it report of the student from a consumer re-
10 porting agency pursuant to section 612(a) of
11 the Fair Credit Reporting Act (15 U.S.C.
12 1681j(a)).

13 “(M) For a first-time borrower, in addition
14 to all the information described in subpara-
15 graphs (A) through (L)—

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

19 “(ii) information on the annual and
20 aggregate loan limits for Federal Direct
21 Stafford Loans and Federal Direct Unsub-
22 sidized Stafford Loans as it pertains to the
23 loan for which the borrower is receiving
24 counseling, and a statement that such ag-
25 gregate borrowing limit may change based

1 on the borrower’s student status (whether
2 undergraduate or graduate) or if there is a
3 change in the borrower’s dependency sta-
4 tus.

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

17 “(3) BORROWERS RECEIVING PARENT PLUS
18 LOANS FOR DEPENDENT STUDENTS.—The informa-
19 tion to be provided under paragraph (1)(A) to a bor-
20 rower of a Federal Direct PLUS Loan made on be-
21 half of a dependent student shall include the fol-
22 lowing:

23 “(A) A notification that some students
24 may qualify for other financial aid and an ex-
25 planation that the student for whom the bor-

1 rower is taking out the loan should consider ac-
2 cepting any such grant, scholarship, military
3 tuition assistance, veterans benefits, Federal or
4 State work-study jobs, or other programs for
5 which the student for whom the borrower is
6 taking out the loan is eligible, prior to bor-
7 rowing any Federal Direct PLUS Loan on be-
8 half of a dependent student.

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

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

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

19 “(E) For each Federal Direct PLUS Loan
20 made on behalf of a dependent student for
21 which the borrower is receiving counseling
22 under this subsection, the contact information
23 for the loan servicer of the loan and a link to
24 such servicer’s website.

1 “(F) For a first-time borrower of such
2 loan—

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

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

8 “(I) the fixed repayment plan de-
9 scribed in section 493E for the loan;
10 and

11 “(II) the income-based repay-
12 ment plan under section 493C(e), uti-
13 lizing individualized data applicable to
14 the borrower as described in para-
15 graph (4).

16 “(G) For a borrower undergoing coun-
17 seling that already has an outstanding balance
18 of principal or interest due on a Federal Direct
19 PLUS Loan made on behalf of a dependent
20 student—

21 “(i) the anticipated balance of all
22 Federal Direct PLUS Loans held by the
23 borrower (including the one for which
24 counseling is provided); and

1 “(ii) the estimated monthly payment
2 amounts for all such loans based on—

3 “(I) the fixed repayment plan de-
4 scribed in section 493E for loans
5 issued under part B or D; and

6 “(II) the income-based repay-
7 ment plan under section 493C(e), uti-
8 lizing individualized data applicable to
9 the borrower as described in para-
10 graph (4).

11 “(4) ESTIMATED REPAYMENT INFORMATION.—
12 In providing estimated payments for income-based
13 repayment plans under section 493C(e) for purposes
14 of this section, the Secretary shall develop and im-
15 plement a database to generate repayment estimate
16 for borrowers by—

17 “(A) enabling each institution to enter rel-
18 evant loan, program cost, and average indebted-
19 ness at graduation information electronically;

20 “(B) integrating applicable data on Fed-
21 eral loans made, insured, or guaranteed under
22 this title from the National Student Loan Data
23 System or a successor system;

1 “(C) integrating available data on occupa-
2 tional earnings reasonably related to the stu-
3 dent’s program of study;

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

6 “(E) providing a borrower the option to
7 adjust these data elements and observe the cor-
8 responding change in estimated monthly pay-
9 ment amounts.”.

10 **SEC. 403. EXIT COUNSELING.**

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

12 (1) in paragraph (1)—

13 (A) in subparagraph (A)—

14 (i) in the matter preceding clause (i),
15 striking “through financial aid offices or
16 otherwise” and inserting “through the use
17 of an interactive program, during an exit
18 counseling session that is in-person or on-
19 line, or through the use of the online coun-
20 seling tool described in subsection
21 (n)(1)(A)”;

22 (ii) by redesignating clauses (i)
23 through (ix) as clauses (v) through (xiii),
24 respectively;

1 (iii) by inserting before clause (v), as
2 redesignated by clause (ii), the following:

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

7 “(ii) an explanation of the grace pe-
8 riod preceding repayment and the expected
9 date that the borrower will enter repay-
10 ment;

11 “(iii) an explanation that the borrower
12 has the option to pay any interest that has
13 accrued while the borrower was in school
14 or that may accrue during the grace period
15 preceding repayment or during an author-
16 ized period of pause payment;

17 “(iv) an explanation that the borrower
18 may be approached during the repayment
19 process by third-party student debt relief
20 companies, that the borrower should use
21 caution in any such dealings, and that the
22 typical services provided by these compa-
23 nies are already offered to borrowers free
24 of charge through the Department or its
25 contractors;”;

1 (iv) in clause (v), as redesignated by
2 clause (ii)—

3 (I) by striking “sample informa-
4 tion showing the average” and insert-
5 ing “information, based on the bor-
6 rower’s outstanding balance described
7 in clause (i), showing the borrower’s”;
8 and

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

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

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

20 (II) by inserting “reduced ability
21 to rent or purchase a home or car, po-
22 tential difficulty in securing employ-
23 ment,” after “Federal law,”;

24 (vi) in the matter preceding subclause
25 (I) of clause (xi), as redesignated by clause

1 (ii), by striking “consolidation loan under
2 section 428C or a”;

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

6 (viii) by adding at the end the fol-
7 lowing:

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

14 “(xv) an explanation that an indi-
15 vidual has a right to annually request a
16 disclosure of information collected by a
17 consumer reporting agency pursuant to
18 section 612(a) of the Fair Credit Report-
19 ing Act (15 U.S.C. 1681j(a)).”; and

20 (B) in subparagraph (B), by striking “in
21 writing” and inserting “online or in writing, ex-
22 cept that in the case of an institution using the
23 online counseling tool described in subsection
24 (n)(1)(A), the Secretary shall attempt to pro-

1 vide such information to the student in the
2 manner described in subsection (n)(3)(C)”; and
3 (2) in paragraph (2)(C), by inserting “, such as
4 the online counseling tool described in subsection
5 (n)(1)(A),” after “electronic means”.

6 **SEC. 404. ONLINE COUNSELING TOOLS.**

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

9 “(n) ONLINE COUNSELING TOOLS.—

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

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

18 “(B) an online counseling tool that pro-
19 vides the annual counseling required under sub-
20 section (l), enables a borrower to electronically
21 sign and accept the borrower’s student loan
22 contract for the upcoming academic year under
23 section 455(c)(3)(B)(ii), and meets the applica-
24 ble requirements of this subsection.

1 “(2) REQUIREMENTS OF TOOLS.—In maintain-
2 ing the online counseling tools described in para-
3 graph (1), the Secretary shall ensure that each such
4 tool, and its underlying content—

5 “(A) are consumer tested, in consultation
6 with other relevant Federal agencies, students,
7 borrowers, institutions of higher education, sec-
8 ondary school and postsecondary counselors,
9 and consumer advocacy organizations, to ensure
10 that the tool is effective in helping individuals
11 understand their rights and obligations with re-
12 spect to borrowing a loan made under part D;

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

15 “(C) freely available to all eligible institu-
16 tions; and

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

23 “(3) RECORD OF COUNSELING COMPLETION.—
24 The Secretary shall—

1 “(A) use each online counseling tool de-
2 scribed in paragraph (1) to keep a record of
3 which individuals have received counseling using
4 the tool and notify the applicable institutions of
5 the individual’s completion of such counseling;

6 “(B) in the case of a borrower who re-
7 ceives annual counseling for a loan made under
8 part D using the tool described in paragraph
9 (1)(B)—

10 “(i) enable the borrower to accept and
11 electronically sign the student loan con-
12 tract as required under section
13 455(c)(3)(B)(ii) and notify the applicable
14 institutions that the individual completed
15 the counseling and electronically signed the
16 contract; and

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

20 “(I) inform the borrower,
21 through the online counseling tool, of
22 the date by when the borrower should
23 accept and sign the student loan con-
24 tract for which the borrower has re-
25 ceived such counseling; and

1 “(II) notify the applicable insti-
2 tution that the borrower completed
3 the counseling but did not sign the
4 student loan contract; and

5 “(C) in the case of a borrower described in
6 subsection (b)(1)(B) at an institution that uses
7 the online counseling tool described in para-
8 graph (1)(A) of this subsection, attempt to pro-
9 vide the information described in subsection
10 (b)(1)(A) to the borrower through such tool.

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

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

20 “(2) CONTENTS.—

21 “(A) BORROWER INFORMATION.—The lon-
22 gitudinal study carried out under paragraph (1)
23 shall include borrower information, in the ag-
24 gregate and disaggregated by race and eth-

1 nicity, gender, income quartile, and status as an
2 individual with a disability, on—

3 “(i) student persistence;

4 “(ii) degree attainment;

5 “(iii) program completion;

6 “(iv) successfully maintaining current
7 student loan repayment status following
8 the student’s exit from the institution;

9 “(v) cumulative borrowing levels; and

10 “(vi) such other factors as the Sec-
11 retary may determine.

12 “(B) EXCEPTION.—The disaggregation
13 under subparagraph (A) shall not be required
14 in a case in which the number of borrowers in
15 a category is insufficient to yield statistically re-
16 liable information or the results would reveal
17 personally identifiable information about an in-
18 dividual borrower.

19 “(3) INTERIM REPORTS.—Not later than 18
20 months after the commencement of the study under
21 paragraph (1), and annually thereafter, the Sec-
22 retary shall evaluate the progress of the study and
23 report any short-term findings to the authorizing
24 committees.”.

1 **SEC. 405. PRIVATE EDUCATION LOAN CERTIFICATION AND**
2 **INFORMATION.**

3 (a) AMENDMENT TO THE HIGHER EDUCATION ACT
4 OF 1965.—

5 (1) IN GENERAL.—Section 487(a) (20 U.S.C.
6 1094(a)) is amended by striking paragraph (28) and
7 inserting the following:

8 “(28)(A) The institution shall—

9 “(i) upon the request of a private edu-
10 cational lender, acting in connection with an ap-
11 plication initiated by a borrower for a private
12 education loan in accordance with section
13 128(e)(3) of the Truth in Lending Act, provide
14 certification to such private educational lend-
15 er—

16 “(I) that the student who initiated the
17 application for the private education loan,
18 or on whose behalf the application was ini-
19 tiated, is enrolled or is scheduled to enroll
20 at the institution;

21 “(II) of such student’s cost of attend-
22 ance at the institution as determined under
23 part F; and

24 “(III) of the difference between—

25 “(aa) the cost of attendance at
26 the institution; and

1 “(bb) the student’s estimated fi-
2 nancial assistance received under this
3 title and other assistance known to
4 the institution, as applicable; and

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

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

12 “(II) only after the institution has
13 completed the activities described in sub-
14 paragraph (B).

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

18 “(i) determine whether the student who
19 initiated the application for the private edu-
20 cation loan, or on whose behalf the application
21 was initiated, has applied for and exhausted the
22 Federal financial assistance available to such
23 student under this title and inform the student
24 accordingly; and

1 “(ii) provide the borrower whose loan ap-
2 plication has prompted the certification request
3 by a private education lender, as described in
4 subparagraph (A)(i), with the following infor-
5 mation and disclosures:

6 “(I) If the borrower has not yet ex-
7 hausted the financial assistance available
8 to the borrower under this title, the
9 amount of additional Federal student as-
10 sistance for which the borrower is eligible
11 and the potential advantages of Federal
12 loans under this title, including disclosure
13 of—

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

16 “(bb) the option for and terms of
17 income-based repayment, loan forgive-
18 ness programs, and additional protec-
19 tions; and

20 “(cc) the higher student loan lim-
21 its for dependent students whose par-
22 ents are not eligible for a Federal Di-
23 rect PLUS Loan.

1 “(II) The borrower’s ability to select a
2 private educational lender of the bor-
3 rower’s choice.

4 “(III) The impact of a proposed pri-
5 vate education loan on the borrower’s po-
6 tential eligibility for other financial assist-
7 ance, including Federal financial assistance
8 under this title.

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

17 “(C) For purposes of this paragraph, the terms
18 ‘private educational lender’ and ‘private education
19 loan’ have the meanings given such terms in section
20 140 of the Truth in Lending Act (15 U.S.C.
21 1650).”.

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

24 (A) in subsection (a), by striking “and
25 loans made under parts D and E” and insert-

1 ing “, loans made under parts D and E, and
2 private education loans (in accordance with sub-
3 section (i))”;

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

7 (C) by adding at the end the following:

8 “(i) PRIVATE EDUCATION LOAN REPORTING.—The
9 Secretary shall include in the National Student Loan Data
10 System the information regarding private education loans
11 that the Director of the Consumer Financial Protection
12 Bureau, in coordination with the Secretary, determines
13 necessary to be included pursuant to section
14 128(e)(9)(B)(ii) of the Truth in Lending Act (15 U.S.C.
15 1638(e)(9)(B)(ii)).”.

16 (3) EFFECTIVE DATE.—The amendments made
17 by paragraphs (1) and (2) shall take effect on the
18 effective date of the regulations described in sub-
19 section (b)(3).

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

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

24 (A) by striking paragraph (3) and insert-
25 ing the following:

1 “(3) INSTITUTIONAL CERTIFICATION RE-
2 QUIRED.—

3 “(A) IN GENERAL.—Except as provided in
4 subparagraph (B), before a private educational
5 lender may issue any funds with respect to a
6 private education loan, the private educational
7 lender shall obtain, from the relevant institution
8 of higher education where such loan is to be
9 used for a student, a certification in accordance
10 with section 485(a)(28)(A) of the Higher Edu-
11 cation Act of 1965 (20 U.S.C.
12 1094(a)(28)(A))—

13 “(i) confirming that the student is en-
14 rolled or is scheduled to enroll at the insti-
15 tution; and

16 “(ii) stating—

17 “(I) the student’s cost of attend-
18 ance at the institution, as determined
19 by the institution under part F of title
20 IV of the Higher Education Act of
21 1965 (20 U.S.C. 1087kk et seq.); and

22 “(II) the difference between—

23 “(aa) such cost of attend-
24 ance; and

1 “(bb) the student’s esti-
2 mated financial assistance, in-
3 cluding such assistance received
4 under title IV of the Higher Edu-
5 cation Act of 1965 (20 U.S.C.
6 1070 et seq.) and other financial
7 assistance known to the institu-
8 tion, as applicable.

9 “(B) TIMING.—Pursuant to section
10 485(a)(28)(A) of the Higher Education Act of
11 1965 (20 U.S.C. 1094(a)(28)(A)), a private
12 education lender shall receive the certification
13 described in subparagraph (A) within 15 days
14 of a request by the private education lender,
15 unless the institution of higher education noti-
16 fies the private educational lender pursuant to
17 section 485(a)(28)(A)(ii) of such Act that addi-
18 tional time is needed.

19 “(C) ADDITIONAL REQUIREMENTS.—Upon
20 receiving the certification described in subpara-
21 graph (A) for a private education loan, the pri-
22 vate educational lender—

23 “(i) may proceed to issue funds with
24 respect to the private education loan; and

1 “(ii) after issuing the private edu-
2 cation loan, shall—

3 “(I) notify the institution of
4 higher education involved that the pri-
5 vate education loan has been issued to
6 the borrower, and the amount of such
7 loan; and

8 “(II) provide the Director of the
9 Consumer Financial Protection Bu-
10 reau and the Secretary of Education
11 with the information described in
12 paragraph (9)(B).”;

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

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

18 “(9) PROVISION OF INFORMATION.—

19 “(A) PROVISION OF INFORMATION TO BOR-
20 ROWERS.—

21 “(i) LOAN STATEMENTS.—A private
22 educational lender that issues any funds
23 with respect to a private education loan
24 shall—

1 “(I) send loan statements, if the
2 loan is to be used for a student, to
3 borrowers of the funds not less than
4 once every 3 months during the time
5 that the student is enrolled at an in-
6 stitution of higher education; and

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

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

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

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

23 “(III) list the current interest
24 rate for each loan.

1 “(B) PROVISION OF INFORMATION TO
2 FEDERAL AGENCIES.—

3 “(i) INFORMATION FROM LENDER.—

4 Each private educational lender shall—

5 “(I) submit to the Director of the
6 Consumer Financial Protection Bu-
7 reau and the Secretary of Education
8 such information regarding a private
9 education loan as may be determined
10 necessary by the Director and the
11 Secretary under clause (ii) for inclu-
12 sion in the National Student Loan
13 Data System under section 485B(i) of
14 the Higher Education Act of 1965 (20
15 U.S.C. 1092b(i)); and

16 “(II) prepare and submit an an-
17 nual report to the Consumer Finan-
18 cial Protection Bureau regarding the
19 private education loans issued by the
20 private educational lender.

21 “(ii) PROMULGATION OF REGULA-
22 TIONS.—Not later than 1 year after the
23 date of enactment of the Affordable Loans
24 for Any Student Act, the Director of the
25 Consumer Financial Protection Bureau, in

1 coordination with the Secretary of Edu-
2 cation, shall promulgate regulations re-
3 garding the private education loan infor-
4 mation required to be submitted under
5 clause (i), including the content, method,
6 and format for submission. The informa-
7 tion required for inclusion in the National
8 Student Loan Data System shall include,
9 at a minimum—

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

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

16 “(III) the name of the lender;

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

19 “(V) the term, or other enroll-
20 ment period, for which the private
21 education loan is issued; and

22 “(VI) whether a cosigner was re-
23 quired as a condition of the private
24 education loan.”.

1 (2) DEFINITION OF PRIVATE EDUCATION
2 LOAN.—Section 140(a)(8)(A) of the Truth in Lend-
3 ing Act (15 U.S.C. 1650(a)(8)(A)) is amended—

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

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

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

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

13 (3) REGULATIONS.—

14 (A) IN GENERAL.—Not later than 1 year
15 after the date of enactment of this Act, the Di-
16 rector of the Consumer Financial Protection
17 Bureau, in coordination with the Secretary of
18 Education, shall promulgate regulations to im-
19 plement paragraphs (3) and (9) of section
20 128(e) of the Truth in Lending Act (15 U.S.C.
21 1638(e)), as amended by paragraph (1) of this
22 subsection.

23 (B) EFFECTIVE DATE.—The regulations
24 promulgated under subparagraph (A) shall take

1 effect on the date that is 180 days after the
 2 date on which the regulations are promulgated.

3 **TITLE V—EFFECTIVE DATE;**
 4 **TRANSITION**

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

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

10 (b) APPLICABILITY WITH RESPECT TO INTEREST
 11 CAPITALIZATION.—Section 201, and the amendments
 12 made by such section, shall apply with respect to loans
 13 made, insured, or guaranteed under part B or D of title
 14 IV of the Higher Education Act of 1965 (20 U.S.C. 1071
 15 et seq., 1087a et seq.) that—

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

19 (2) in the case of a loan that, as of the effective
 20 date described in subsection (a), is in a period where
 21 interest is accruing and not added, but will be cap-
 22 italized under such part, the day after the interest
 23 is capitalized under such part, as in effect before the
 24 effective date.

1 (c) APPLICABILITY WITH RESPECT TO FORBEAR-
2 ANCE AND DEFERMENT FOR DIRECT LOAN BOR-
3 ROWERS.—With respect to any borrower of a loan under
4 part D of title IV of the Higher Education Act of 1965
5 (20 U.S.C. 1087a et seq.) that is, or has been, in forbear-
6 ance or deferment as of the day before the effective date
7 described in subsection (a), the Secretary shall take such
8 steps as are necessary—

9 (1) to transfer a borrower with a loan in for-
10 bearance or deferment as of such day automatically
11 into relief provided under the pause payment process
12 established under section 460B of such Act (as
13 amended by this Act); and

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

19 (d) REGULATIONS.—Before the effective date de-
20 scribed in subsection (a), the Secretary of Education shall
21 carry out a plan to end all eligibility for repayment plans
22 other than a fixed repayment plan described in section
23 493E of the Higher Education Act of 1965 (20 U.S.C.
24 1098b) and an income-based repayment plan under sec-
25 tion 493C(c) of such Act (20 U.S.C. 1098e(f)) for loans

1 made under part B or D of title IV of such Act, unless
2 the borrower is enrolled in another repayment plan before
3 such effective date, in accordance with the amendments
4 made by this Act.

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