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(Original Signature of Member)

116TH CONGRESS
1ST SESSION

H. R. _____

To improve Federal student loan disclosures, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. SHALALA introduced the following bill; which was referred to the
Committee on _____

A BILL

To improve Federal student loan disclosures, and for other
purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Student Loan Dislo-
5 sure Transparency Act of 2019”.

6 **SEC. 2. REQUIRED DISCLOSURES BEFORE DISBURSEMENT.**

7 Section 433(a) of the Higher Education Act of 1965
8 (20 U.S.C. 1083(a)) is amended—

1 (1) by striking “and” at the end of paragraph
2 (18);

3 (2) by striking the period and inserting “; and”
4 at the end of paragraph (19); and

5 (3) by adding at the end the following new
6 paragraph:

7 “(20) a separate written or electronic state-
8 ment, in simple and understandable terms, show-
9 ing—

10 “(A) for the loan or loans being dis-
11 bursed—

12 “(i) the principal amount of the loan,
13 the stated interest rate on the loan, the
14 number of required monthly payments to
15 be made on the loan (which shall be based
16 on a standard repayment plan or, in the
17 case of a borrower who has selected an-
18 other repayment plan, on the repayment
19 plan selected by the borrower), and the es-
20 timated number of months before the start
21 of the repayment period for the loan
22 (based on the expected date on which the
23 repayment period is to begin or the
24 deferment period under 428B(d)(1) is to
25 end, as applicable);

1 “(ii) the estimated balance to be owed
2 by the borrower on such loan (including, if
3 applicable, the estimated amount of inter-
4 est to be capitalized) as of the scheduled
5 date on which the repayment period is to
6 begin or the deferment period under
7 428B(d)(1) is to end, as applicable, and an
8 estimate of the projected monthly payment;
9 and

10 “(iii) an estimate of the aggregate
11 amount the borrower will pay for the loan
12 or loans, including the total amount of
13 monthly payments made over the life of
14 the loan plus the amount of any charges
15 for the loan, such as an origination fee;

16 “(B) for each other loan owed by the bor-
17 rower to the lender, the information described
18 in clauses (i) through (iii) of subparagraph (A);
19 and

20 “(C) an estimate of the total cumulative
21 amount the borrower will pay for all loans owed
22 by the borrower to that lender, including the
23 loan being disbursed, as determined by calcu-
24 lating the sum of the estimated aggregate

1 amounts the borrower will pay for each loan in
2 accordance with subparagraphs (A) and (B).”.

3 **SEC. 3. DISCLOSURE OF PROJECTED MONTHLY PAYMENT**
4 **AMOUNTS.**

5 Section 433 of the Higher Education Act of 1965 (20
6 U.S.C. 1083) is further amended—

7 (1) in subsection (b), by amending paragraph
8 (9) to read as follows:

9 “(9) information of interest charges, accrual,
10 and payments, including—

11 “(A) the projected total of interest charges
12 which the borrower will pay on the loan or
13 loans, assuming that the borrower makes pay-
14 ments exactly in accordance with the repayment
15 schedule;

16 “(B) projections of the borrower’s monthly
17 repayment amount, assuming interest accrual
18 resulting from capitalization of interest while
19 the borrower, or the student on whose behalf
20 the loan is made, is in school (as applicable),
21 which shall disclose the cost to the borrower
22 of—

23 “(i) capitalizing the interest; and

24 “(ii) paying the interest as the inter-
25 est accrues; and

1 “(C) if the borrower has already paid in-
2 terest on the loan or loans, the amount of inter-
3 est paid;” and

4 (2) by striking subsection (d), and redesignig-
5 nating subsections (e) and (f) as subsections (d) and
6 (e), respectively.

7 **SEC. 4. REQUIRED MONTHLY DISCLOSURES.**

8 Section 433(d) of the Higher Education Act of 1965,
9 as so redesignated by section 3 of this Act, is amended—

10 (1) in the subsection header, by striking “DUR-
11 ING REPAYMENT” and inserting “FOR THE LIFE OF
12 THE LOAN”; and

13 (2) by amending paragraph (1) to read as fol-
14 lows:

15 “(1) PERTINENT INFORMATION ABOUT LOANS
16 PROVIDED ON A MONTHLY BASIS.—Each eligible
17 lender shall provide the borrower of one or more
18 loans made, insured, or guaranteed under this part
19 or part D with a written monthly bill or statement
20 (including through electronic means), in simple and
21 understandable terms, of pertinent loan information
22 described in this paragraph that—

23 “(A) with respect to a borrower who is in
24 repayment status, shall include a bill that cor-

1 responds to each payment installment time pe-
2 riod in which a payment is due;

3 “(B) with respect to a borrower who is not
4 in repayment status, shall be a statement for
5 each month of the period during which the bor-
6 rower is not required to make a payment to the
7 eligible lender, including while the borrower is
8 in school and during periods of deferment or
9 forbearance;

10 “(C) shall be provided to the borrower of
11 a loan not more than 30 days after the first
12 disbursement of the loan, and monthly there-
13 after for the life of the loan; and

14 “(D) shall include, for all outstanding
15 loans made, insured, or guaranteed under this
16 part or part D by the eligible lender to the bor-
17 rower—

18 “(i) the original principal amount of
19 each of the borrower’s loans owed to that
20 lender, and the original principal amount
21 of those loans in the aggregate;

22 “(ii) the borrower’s current balance
23 on each loan and on all loans in the aggre-
24 gate, as of the time of the bill or state-
25 ment, as applicable;

1 “(iii) the interest rate on each loan;

2 “(iv) the total amount the borrower
3 has paid in interest on each loan and on
4 all loans in the aggregate;

5 “(v) the amount of interest that has
6 accumulated on each loan and on all loans
7 in the aggregate since the last statement,
8 and the total interest accrued to date on
9 each loan and on all loans in the aggregate
10 during the life of the loans;

11 “(vi) the aggregate amount the bor-
12 rower has paid for each loan and all loans
13 in the aggregate, including the amount the
14 borrower has paid in interest, the amount
15 the borrower has paid in fees, and the
16 amount the borrower has paid against the
17 principal;

18 “(vii) an estimate of the aggregate
19 amount the borrower will pay during the
20 life of the loan for each loan and on all
21 loans in the aggregate, including the total
22 amount of monthly payments made over
23 the life of the loans plus the amount of any
24 charges for the loans, such as origination
25 fees;

1 “(viii) a description of each fee the
2 borrower has been charged for the most re-
3 cently preceding installment time period;

4 “(ix) the date by which the borrower
5 needs to make a payment in order to avoid
6 additional fees and the amount of such
7 payment and the amount of such fees;

8 “(x) with respect to a borrower who is
9 not in repayment, the estimated balance to
10 be owed by the borrower on each loan and
11 on all loans in the aggregate, and an esti-
12 mate of the projected monthly payment on
13 each loan and on all loans in the aggre-
14 gate, on the estimated date the borrower
15 will enter (or re-enter) repayment status;

16 “(xi) a reminder that the borrower
17 has the option to change repayment plans,
18 a list of the names of the repayment plans
19 available to the borrower, a link to the ap-
20 propriate page of the Department’s website
21 to obtain a more detailed description of the
22 repayment plans, and directions for the
23 borrower to request a change in repayment
24 plan;

25 “(xii) an explanation—

1 “(I) that the borrower has the
2 option to pay the interest that accrues
3 on each loan while the borrower is a
4 student at an institution of higher
5 education or during a period of
6 deferment or forbearance, if applica-
7 ble; and

8 “(II) if the borrower does not
9 pay such interest while attending an
10 institution or during a period of
11 deferment or forbearance, any accu-
12 mulated interest on the loan will be
13 capitalized when the loan goes into re-
14 payment, resulting in more interest
15 being paid over the life of the loan;

16 “(xiii) an explanation that making
17 even small payments of any amount while
18 the borrower is a student at an institution
19 of higher education, or during a period of
20 deferment or forbearance, if applicable, can
21 help to offset interest accrual over the life
22 of the loan;

23 “(xiv) the lender’s or loan servicer’s
24 address, toll-free phone number, and
25 website for payment and billing error pur-

1 poses, including information about how a
2 borrower can make voluntary payments
3 when a loan is not in repayment status;
4 and

5 “(xv) an explanation to borrowers
6 that made under this part of part D have
7 significant protections for borrowers that
8 aren’t offered by the private market, in-
9 cluding a number of income-driven repay-
10 ment options, which offer flexible repay-
11 ments terms and loan forgiveness for
12 struggling borrowers.”.

13 **SEC. 5. REPORT TO CONGRESS ON CONSUMER TESTING.**

14 Not later than 24 months after the date of enactment
15 of this Act, the Secretary shall—

16 (1) conduct consumer testing by obtaining feed-
17 back from individuals, including borrowers and pro-
18 spective borrowers of loans under the Higher Edu-
19 cation Act of 1965, on the usefulness and effective-
20 ness of disclosing monthly terms of loans under sec-
21 tion 433 of the Higher Education Act of 1965, as
22 amended by this Act, to maximize borrowers’ under-
23 standing of the terms and conditions of such loans;
24 and

1 (2) submit to Congress a report on the results
2 of such consumer testing.

3 **SEC. 6. EFFECTIVE DATE.**

4 The amendments made by this Act to the Higher
5 Education Act of 1965 shall take effect 180 days after
6 the date of enactment of this Act.