

115TH CONGRESS
1ST SESSION

H. R. 1429

To amend the Higher Education Act of 1965 to require institutions of higher education to provide students with annual estimates of student loan borrowing costs.

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2017

Mr. MESSER (for himself, Ms. STEFANIK, Mr. CARSON of Indiana, Mrs. BROOKS of Indiana, Mr. BUCSHON, Mr. ROKITA, and Ms. MCSALLY) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Higher Education Act of 1965 to require institutions of higher education to provide students with annual estimates of student loan borrowing costs.

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 “Letter of Estimated
5 Annual Debt for Students Act of 2017” or the “LEADS
6 Act of 2017”.

1 **SEC. 2. ANNUAL ESTIMATE OF STUDENT LOAN BORROWING**
2 **COSTS.**

3 Section 485 of the Higher Education Act of 1965 (20
4 U.S.C. 1092) is amended by adding at the end the fol-
5 lowing:

6 “(n) ANNUAL ESTIMATE OF STUDENT LOAN BOR-
7 ROWING COSTS.—

8 “(1) IN GENERAL.—Beginning on July 1, 2019,
9 each eligible institution shall provide a cost estimate
10 described in paragraph (2) to each enrolled student
11 who receives an education loan to attend the institu-
12 tion, not later than 30 days before the first day of
13 each academic year beginning after the academic
14 year for which the student first received such a loan
15 to attend such institution.

16 “(2) CONTENTS OF ESTIMATE.—The estimate
17 under paragraph (1) shall contain the following in-
18 formation:

19 “(A) CUMULATIVE BALANCES AND MONTH-
20 LY PAYMENTS.—A notice to the student of—

21 “(i) the cumulative balance of edu-
22 cation loans owed by the student as of the
23 date of the notice; and

24 “(ii) projected monthly payment
25 amounts based on the cumulative balances

1 described in clause (i), assuming a stand-
2 ard repayment schedule.

3 “(B) INTEREST RATES.—The interest rate
4 of each education loan, except that interest
5 rates for a private education loan may be based
6 on average private education loan interest rates
7 if the institution cannot reasonably determine
8 the actual interest rate of such loan.

9 “(C) DISCLAIMER.—A clear and con-
10 spicuous notice stating that any information
11 provided under paragraph (1) is an estimate,
12 accurate to the best of the institution’s knowl-
13 edge, and that an interest rate provided under
14 subparagraph (B)—

15 “(i) in the case of a loan described in
16 paragraph (6)(A)(i), is the applicable rate
17 of interest of such loan;

18 “(ii) in the case of a private education
19 loan, may be based on average private edu-
20 cation loan interest rates; and

21 “(iii) does not include private edu-
22 cation loans of which the institution is not
23 aware.

24 “(3) FORM OF ESTIMATE.—The estimate under
25 paragraph (1) shall be—

1 “(A) provided to the student in hard copy
2 format on the letterhead of the institution, by
3 electronic mail or by another method the Sec-
4 retary may prescribe; and

5 “(B) delivered to the student separately
6 from any other disclosures required under this
7 Act.

8 “(4) LIMITATION OF LIABILITY.—An institution
9 that provides the estimate under paragraph (1) in
10 good faith shall not be liable to any person for inac-
11 curacies contained in such estimate.

12 “(5) STUDENT DEBT LETTER TEMPLATE.—Not
13 later than July 1, 2018, and as necessary thereafter,
14 the Secretary shall provide the following to eligible
15 institutions:

16 “(A) Examples of estimates required under
17 paragraph (2).

18 “(B) Technical assistance on how to com-
19 ply with the requirements of this subsection.

20 “(C) Preliminary approvals in a timely
21 manner of estimate formats proposed for use by
22 an institution, at the request of the institution.

23 “(D) The formula (which shall take into
24 consideration a student’s past borrowing rates
25 and other criteria the Secretary may determine)

1 to be used in making the projections under
2 clauses (iii) and (iv) of paragraph (2)(A) with
3 respect to loans described in paragraph
4 (6)(A)(i).

5 “(E) Encryption technology software to en-
6 able institutions to provide the estimate under
7 paragraph (2) to students in a secure format
8 for institutions that choose to provide the esti-
9 mate to students in an electronic format.

10 “(6) DEFINITIONS.—In this subsection:

11 “(A) EDUCATION LOAN.—The term ‘edu-
12 cation loan’ means—

13 “(i) a loan made under part D (other
14 than a Federal Direct Consolidation Loan
15 or a Federal Direct PLUS loan made on
16 behalf of a student);

17 “(ii) a loan made under a State-spon-
18 sored loan program for the purpose of pay-
19 ing a student’s cost of attendance at an in-
20 stitution of higher education; and

21 “(iii) a private education loan with re-
22 spect to which the institution should rea-
23 sonably be aware.

24 “(B) PRIVATE EDUCATION LOAN.—The
25 term ‘private education loan’ has the meaning

1 given the term in section 140 of the Truth in
2 Lending Act.

3 “(C) STUDENT.—The term ‘student’, when
4 used with respect to an eligible institution, does
5 not include any student who has transferred to
6 the institution more than 60 days before the
7 first day of the academic year involved.”.

8 **SEC. 3. ANNUAL PROVISION OF INFORMATION BY THE SEC-**
9 **RETARY OF EDUCATION.**

10 Not later than April 1, 2019, and annually thereafter,
11 the Secretary of Education shall provide to institutions of
12 higher education (as defined in section 102 of the Higher
13 Education Act of 1965 (20 U.S.C. 1002)) the following
14 information:

15 (1) The amount of any loans made under part
16 D of title IV of the Higher Education Act of 1965
17 (20 U.S.C. 1087a et seq.) (other than a Federal Di-
18 rect Consolidation Loan or a Federal Direct PLUS
19 loan made on behalf of a student) expected to be
20 disbursed to any borrower for the next academic
21 year.

22 (2) The projected cumulative balance of such
23 loans, as determined in accordance with section
24 485(n)(5)(D) of such Act (20 U.S.C.
25 1092(n)(5)(D)), as added by this Act, that will be

1 owed by any borrower after the completion of the
2 borrower's course of study at an institution of higher
3 education.

4 (3) The projected monthly payment amounts of
5 such loans, as determined in accordance with section
6 485(n)(5) of the Higher Education Act of 1965 (20
7 U.S.C. 1092(n)(5)), assuming a standard repayment
8 schedule (as described in section 455(d)(1)(A) of
9 such Act (20 U.S.C. 1087e(d)(1)(A))).

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