

Union Calendar No. 266

116TH CONGRESS
1ST SESSION

H. R. 3621

[Report No. 116–331]

To amend the Fair Credit Reporting Act to remove adverse information for certain defaulted or delinquent private education loan borrowers who demonstrate a history of loan repayment, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 5, 2019

Ms. PRESSLEY introduced the following bill; which was referred to the Committee on Financial Services

DECEMBER 9, 2019

Additional sponsor: Ms. OCASIO-CORTEZ

DECEMBER 9, 2019

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on July 5, 2019]

A BILL

To amend the Fair Credit Reporting Act to remove adverse information for certain defaulted or delinquent private education loan borrowers who demonstrate a history of loan repayment, 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 Borrower Credit*
5 *Improvement Act”.*

6 **SEC. 2. FINDINGS.**

7 *Congress finds the following:*

8 *(1) The October 2014 report of the Bureau of*
9 *Consumer Financial Protection titled “Annual Re-*
10 *port of the CFPB Student Loan Ombudsman” noted*
11 *many private education loan borrowers, who sought*
12 *to negotiate a modified repayment plan when they*
13 *were experiencing a period of financial distress, were*
14 *unable to get assistance from their loan holders, which*
15 *often resulting in them defaulting on their loans. This*
16 *pattern resembles the difficulty that a significant*
17 *number of mortgage loan borrowers experienced when*
18 *they sought to take responsible steps to work with*
19 *their mortgage loan servicer to avoid foreclosure dur-*
20 *ing the Great Recession.*

21 *(2) Although private student loan holders may*
22 *allow a borrower to postpone payments while enrolled*
23 *in school full-time, many limit this option to a cer-*
24 *tain time period, usually 48 to 66 months. This lim-*
25 *ited time period may not be sufficient for those who*

1 *need additional time to obtain their degree or who*
2 *want to continue their education by pursuing a grad-*
3 *uate or professional degree. The Bureau of Consumer*
4 *Financial Protection found that borrowers who were*
5 *unable to make payments often defaulted or had their*
6 *accounts sent to collections before they were even able*
7 *to graduate.*

8 **SEC. 3. REMOVAL OF ADVERSE INFORMATION FOR CERTAIN**
9 **PRIVATE EDUCATION LOAN BORROWERS.**

10 *(a) IN GENERAL.—The Fair Credit Reporting Act (15*
11 *U.S.C. 1681 et seq.) is amended by inserting after section*
12 *605B the following new section:*

13 **“§605C. Credit rehabilitation for distressed private**
14 **education loan borrowers.**

15 *“(a) IN GENERAL.—A consumer reporting agency may*
16 *not furnish any consumer report containing any adverse*
17 *item of information relating to a delinquent or defaulted*
18 *private education loan of a borrower if the borrower has*
19 *rehabilitated the borrower’s credit with respect to such loan*
20 *by making 9 on-time monthly payments (in accordance*
21 *with the terms and conditions of the borrower’s original*
22 *loan agreement or any other repayment agreement that*
23 *antedates the original agreement) during a period of 10*
24 *consecutive months on such loan after the date on which*
25 *the delinquency or default occurred.*

1 “(b) *INTERRUPTION OF 10-MONTH PERIOD FOR CER-*
2 *TAIN CONSUMERS.—*

3 “(1) *PERMISSIBLE INTERRUPTION OF THE 10-*
4 *MONTH PERIOD.—A borrower may stop making con-*
5 *secutive monthly payments and be granted a grace*
6 *period after which the 10-month period described in*
7 *subsection (a) shall resume. Such grace period shall*
8 *be provided under the following circumstances:*

9 “(A) *With respect to a borrower who is a*
10 *member of the Armed Forces entitled to incentive*
11 *pay for the performance of hazardous duty under*
12 *section 301 of title 37, United States Code, haz-*
13 *ardous duty pay under section 351 of such title,*
14 *or other assignment or special duty pay under*
15 *section 352 of such title, the grace period shall*
16 *begin on the date on which the borrower begins*
17 *such assignment or duty and end on the date*
18 *that is 6 months after the completion of such as-*
19 *signment or duty.*

20 “(B) *With respect to a borrower who resides*
21 *in an area affected by a major disaster or emer-*
22 *gency declared under the Robert T. Stafford Dis-*
23 *aster Relief and Emergency Assistance Act, the*
24 *grace period shall begin on the date on which the*

1 *major disaster or emergency was declared and*
2 *end on the date that is 3 months after such date.*

3 “(2) *OTHER CIRCUMSTANCES.*—

4 “(A) *IN GENERAL.*—*The Bureau may allow*
5 *a borrower demonstrating hardship to stop mak-*
6 *ing consecutive monthly payments and be grant-*
7 *ed a grace period after which the 10-month pe-*
8 *riod described in subsection (a) shall resume.*

9 “(B) *BORROWER DEMONSTRATING HARD-*
10 *SHIP DEFINED.*—*In this paragraph, the term*
11 *‘borrower demonstrating hardship’ means a bor-*
12 *rower or a class of borrowers who, as determined*
13 *by the Bureau, is facing or has experienced un-*
14 *usual extenuating life circumstances or events*
15 *that result in severe financial or personal bar-*
16 *riers such that the borrower or class of borrowers*
17 *does not have the capacity to comply with the re-*
18 *quirements of subsection (a).*

19 “(c) *PROCEDURES.*—*The Bureau shall establish proce-*
20 *dures to implement the credit rehabilitation described in*
21 *this section, including—*

22 “(1) *the manner, content, and form for request-*
23 *ing credit rehabilitation;*

24 “(2) *the method for validating that the borrower*
25 *is satisfying the requirements of subsection (a);*

1 “(3) the manner, content, and form for notifying
2 the private educational loan holder of—

3 “(A) the borrower’s participation in credit
4 rehabilitation under subsection (a);

5 “(B) the requirements described in sub-
6 section (d); and

7 “(C) the restrictions described in subsection
8 (f);

9 “(4) the manner, content, and form for notifying
10 a consumer reporting agency of—

11 “(A) the borrower’s participation in credit
12 rehabilitation under subsection (a); and

13 “(B) the requirements described in sub-
14 section (d);

15 “(5) the method for verifying whether a borrower
16 qualifies for the grace period described in subsection
17 (b);

18 “(6) the manner, content, and form of notifying
19 a consumer reporting agency and private educational
20 loan holder that a borrower was granted a grace pe-
21 riod.

22 “(d) *STANDARDIZED REPORTING CODES.*—A con-
23 sumer reporting agency shall develop standardized report-
24 ing codes for use by any private educational loan holder
25 to identify and report a borrower’s status of making and

1 *completing 9 on-time monthly payments during a period*
2 *of 10 consecutive months on a delinquent or defaulted pri-*
3 *vate education loan, including codes specifying the grace*
4 *period described in subsection (b) and any agreement to*
5 *modify monthly payments. Such codes shall not appear on*
6 *any report provided to a third party, and shall be removed*
7 *from the consumer's credit report upon the consumer's com-*
8 *pletion of the rehabilitation period under this section.*

9 “(e) *ELIMINATION OF BARRIERS TO CREDIT REHA-*
10 *BILITATION.*—*A consumer report in which a private edu-*
11 *cational loan holder furnishes the standardized reporting*
12 *codes described in subsection (d) to a consumer reporting*
13 *agency, or in which a consumer reporting agency includes*
14 *such codes, shall be deemed to comply with the requirements*
15 *for accuracy and completeness under sections 623(a)(1) and*
16 *630.*

17 “(f) *PROHIBITION ON CIVIL ACTIONS FOR CONSUMERS*
18 *PURSUING REHABILITATION.*—*A private educational loan*
19 *holder may not commence or proceed with any civil action*
20 *against a borrower with respect to a delinquent or defaulted*
21 *loan during the period of rehabilitation if the private edu-*
22 *cational loan holder has been notified, in accordance with*
23 *the procedures established by the Bureau pursuant to sub-*
24 *section (c)—*

1 “(1) of such borrower’s intent to participate in
2 rehabilitation;

3 “(2) that such borrower has satisfied the require-
4 ments under subsection (a); or

5 “(3) that such borrower was granted a grace pe-
6 riod.

7 “(g) *IMPACT ON STATUTE OF LIMITATIONS FOR PRIOR*
8 *DEBT.*—*Payments by a borrower on a private education*
9 *loan that are made during and after a period of rehabilita-*
10 *tion under this section shall have no effect on the statute*
11 *of limitations with respect to payments that were due on*
12 *such private education loan before the beginning of the pe-*
13 *riod of rehabilitation.*

14 “(h) *PAYMENT PLANS.*—*If a private educational loan*
15 *holder enters into a payment plan with a borrower on a*
16 *private education loan during a period of rehabilitation,*
17 *such payment plan shall be reasonable and affordable, as*
18 *determined by the Bureau.*

19 “(i) *RULES OF CONSTRUCTION.*—

20 “(1) *APPLICATION TO SUBSEQUENT DEFAULT OR*
21 *DELINQUENCY.*—*A borrower who satisfies the require-*
22 *ments under subsection (a) shall be eligible for addi-*
23 *tional credit rehabilitation described in subsection (a)*
24 *with respect to any subsequent default or delinquency*

1 *of the borrower on the rehabilitated private education*
2 *loan.*

3 “(2) *INTERRUPTION OF CONSECUTIVE PAYMENT*
4 *PERIOD REQUIREMENT.—The grace period described*
5 *in subsection (b)(1)(A) shall not apply if any regula-*
6 *tion promulgated under section 987 of title 10,*
7 *United States Code (commonly known as the Military*
8 *Lending Act), or the Servicemembers Civil Relief Act*
9 *(50 U.S.C. App. 501 et seq.) allows for a grace period*
10 *or other interruption of the 10-month period described*
11 *in subsection (a) and such grace period or other inter-*
12 *ruption is longer than the period described in sub-*
13 *section (b)(1)(A) or otherwise provides greater protec-*
14 *tion or benefit to the borrower who is a member of the*
15 *Armed Forces.”.*

16 “(b) *CONFORMING AMENDMENT.—Section 623(a)(1) of*
17 *the Fair Credit Reporting Act (15 U.S.C. 1681s-2(a)(1))*
18 *is amended by striking subparagraph (E).*

19 “(c) *TABLE OF CONTENTS AMENDMENT.—The table of*
20 *contents of the Fair Credit Reporting Act is amended by*
21 *inserting after the item relating to section 605B the fol-*
22 *lowing new item:*

 “605C. *Credit rehabilitation for distressed private education loan borrowers.”.*

1 **SEC. 4. PRIVATE EDUCATION LOAN DEFINITIONS.**

2 *Section 603 of the Fair Credit Reporting Act (15*
3 *U.S.C. 1681a) is amended by adding at the end the fol-*
4 *lowing new subsection:*

5 *“(bb) PRIVATE EDUCATION LOAN DEFINITIONS.—The*
6 *terms ‘private education loan’ and ‘private educational*
7 *lender’ have the meanings given such terms, respectively,*
8 *in section 140(a) of the Truth in Lending Act.”.*

9 **SEC. 5. RULEMAKING.**

10 *Except as otherwise provided, the Bureau of Consumer*
11 *Financial Protection shall, not later than the end of the*
12 *2-year period beginning on the date of the enactment of this*
13 *Act, issue final rules to implement the amendments made*
14 *by this Act.*

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