

116TH CONGRESS
1ST SESSION

H. R. 3662

To amend the Higher Education Act of 1965 to ensure that student borrowers are provided relief from their student loans in the instance of substantial misrepresentation or omission by an institution of higher education.

IN THE HOUSE OF REPRESENTATIVES

JULY 10, 2019

Mrs. MCBATH (for herself, Ms. FINKENAUER, Ms. PORTER, Mrs. AXNE, Ms. DAVIDS of Kansas, and Ms. SCANLON) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To amend the Higher Education Act of 1965 to ensure that student borrowers are provided relief from their student loans in the instance of substantial misrepresentation or omission by an institution of higher education.

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 “Relief for Defrauded
5 Students Act of 2019”.

1 **SEC. 2. AMENDMENTS TO TERMS AND CONDITIONS OF BOR-**
2 **ROWER DEFENSES.**

3 Section 455(h) of the Higher Education Act of 1965
4 (20 U.S.C. 1087e(h)) is amended to read as follows:

5 “(h) BORROWER DEFENSES.—

6 “(1) IN GENERAL.—Notwithstanding any other
7 provision of State or Federal law, a defense to re-
8 payment of a loan under this part shall include—

9 “(A) a substantial misrepresentation under
10 by an institution of higher education described
11 in section 487(c)(3);

12 “(B) an act or omission of an institution
13 of higher education that would give rise to a
14 cause of action against such institution of high-
15 er education under applicable State law; or

16 “(C) any other act or omission by an insti-
17 tution of higher education that the Secretary
18 specifies in the regulations under paragraph
19 (3).

20 “(2) PROCEDURES.—

21 “(A) IN GENERAL.—The Secretary shall,
22 for each borrower who submits to the Secretary
23 an application asserting a defense to repayment
24 of a loan made under this part—

25 “(i) provide an expeditious and fair
26 process to consider such application (with-

1 out regard to whether the application is
2 submitted by an individual borrower, a
3 group of borrowers, or a representative of
4 such individual or group); and

5 “(ii) determine the entitlement of the
6 borrower to relief based on all evidence
7 available to the Department.

8 “(B) INDEPENDENT DETERMINATION.—A
9 determination under subparagraph (A)(ii) with
10 respect to a borrower shall be independent of
11 any action that the Department may take under
12 this Act to recover funds from an institution of
13 higher education for an act or omission related
14 to such determination.

15 “(C) CANCELLATION OF DEBT.—In a case
16 in which the Secretary determines under sub-
17 paragraph (A)(ii) that the borrower is entitled
18 to relief, the Secretary shall—

19 “(i) cancel any outstanding balance of
20 principal and interest due on each loan
21 made under this part that the borrower re-
22 ceived for enrollment at the institution of
23 higher education against which the bor-
24 rower is asserting the defense to repay-
25 ment; and

1 “(ii) return to the borrower the
2 amount of any payments made on such
3 loans.

4 “(3) REGULATIONS.—The Secretary shall speci-
5 fy in regulations which acts or omissions of an insti-
6 tution of higher education a borrower may assert as
7 a defense to repayment of a loan made under this
8 part, except that in no event may a borrower recover
9 from the Secretary, in any action arising from or re-
10 lating to a loan made under this part, an amount in
11 excess of the amount such borrower has repaid on
12 such loan.”.

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