

116TH CONGRESS
1ST SESSION

H. R. 4193

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

IN THE HOUSE OF REPRESENTATIVES

AUGUST 16, 2019

Ms. SHALALA (for herself, Mr. GAETZ, Mr. STEWART, Mr. MCADAMS, Ms. HERRERA BEUTLER, and Ms. SPANBERGER) introduced the following bill; which was referred to the Committee on Education and Labor

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—

9 (1) by striking “and” at the end of paragraph

10 (18);

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

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

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

8 “(A) for the loan or loans being dis-
9 bursed—

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

24 “(ii) the estimated balance to be owed
25 by the borrower on such loan (including, if

1 applicable, the estimated amount of inter-
2 est to be capitalized) as of the scheduled
3 date on which the repayment period is to
4 begin or the deferment period under
5 428B(d)(1) is to end, as applicable, and an
6 estimate of the projected monthly payment;
7 and

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

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

18 “(C) an estimate of the total cumulative
19 amount the borrower will pay for all loans owed
20 by the borrower to that lender, including the
21 loan being disbursed, as determined by calcu-
22 lating the sum of the estimated aggregate
23 amounts the borrower will pay for each loan in
24 accordance with subparagraphs (A) and (B).”.

1 **SEC. 3. DISCLOSURE OF PROJECTED MONTHLY PAYMENT**
2 **AMOUNTS.**

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

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

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

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

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

21 “(i) capitalizing the interest; and

22 “(ii) paying the interest as the inter-
23 est accrues; and

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

1 (2) by striking subsection (d), and redesignig-
2 nating subsections (e) and (f) as subsections (d) and
3 (e), respectively.

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

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

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

10 (2) by amending paragraph (1) to read as fol-
11 lows:

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

20 “(A) with respect to a borrower who is in
21 repayment status, shall include a bill that cor-
22 responds to each payment installment time pe-
23 riod in which a payment is due;

24 “(B) with respect to a borrower who is not
25 in repayment status, shall be a statement for

1 each month of the period during which the bor-
2 rower is not required to make a payment to the
3 eligible lender, including while the borrower is
4 in school and during periods of deferment or
5 forbearance;

6 “(C) shall be provided to the borrower of
7 a loan not more than 30 days after the first
8 disbursement of the loan, and monthly there-
9 after for the life of the loan; and

10 “(D) shall include, for all outstanding
11 loans made, insured, or guaranteed under this
12 part or part D by the eligible lender to the bor-
13 rower—

14 “(i) the original principal amount of
15 each of the borrower’s loans owed to that
16 lender, and the original principal amount
17 of those loans in the aggregate;

18 “(ii) the borrower’s current balance
19 on each loan and on all loans in the aggre-
20 gate, as of the time of the bill or state-
21 ment, as applicable;

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

23 “(iv) the total amount the borrower
24 has paid in interest on each loan and on
25 all loans in the aggregate;

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

7 “(vi) the aggregate amount the bor-
8 rower has paid for each loan and all loans
9 in the aggregate, including the amount the
10 borrower has paid in interest, the amount
11 the borrower has paid in fees, and the
12 amount the borrower has paid against the
13 principal;

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

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

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

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

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

22 “(xii) an explanation—

23 “(I) that the borrower has the
24 option to pay the interest that accrues
25 on each loan while the borrower is a

1 student at an institution of higher
2 education or during a period of
3 deferment or forbearance, if applica-
4 ble; and

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

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

20 “(xiv) the lender’s or loan servicer’s
21 address, toll-free phone number, and
22 website for payment and billing error pur-
23 poses, including information about how a
24 borrower can make voluntary payments

1 when a loan is not in repayment status;
2 and

3 “(xv) an explanation to borrowers
4 that loans made under this part of part D
5 have significant protections for borrowers
6 that aren’t offered by the private market,
7 including a number of income-driven re-
8 payment options, which offer flexible re-
9 payments terms and loan forgiveness for
10 struggling borrowers.”.

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

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

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

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

1 **SEC. 6. EFFECTIVE DATE.**

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

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