

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 4508
OFFERED BY MS. BONAMICI OF OREGON, MR.
TAKANO OF CALIFORNIA, AND MS. WILSON
OF FLORIDA**

Strike sections 101, 102, 141, 462, and 494E.

Strike section 421 and insert the following:

1 **SEC. 421. TERMINATION OF CERTAIN REPAYMENT PLANS.**

2 (a) RULEMAKING REGARDING TERMINATION OF
3 CERTAIN REPAYMENT PLANS.—Before July 1, 2018, the
4 Secretary of Education shall carry out a plan to end all
5 eligibility for repayment plans other than a fixed repay-
6 ment plan described in section 493E and an income-based
7 repayment plan described under section 493C(f) for loans
8 made under part B or D of title IV of the Higher Edu-
9 cation Act of 1965, unless the borrower is enrolled in an-
10 other repayment plan before such effective date, in accord-
11 ance with the amendments made by this Act.

12 (b) CHANGES TO CURRENT LAW.—

13 (1) INSURANCE PROGRAM AGREEMENTS TO
14 QUALIFY LOANS FOR INTEREST SUBSIDIES.—Section
15 428(b) (20 U.S.C. 1078(b)) is amended—

1 (A) in paragraph (1)—
2 (i) in subparagraph (D)—
3 (I) in clause (ii), by striking
4 “may annually change the selection of
5 a repayment plan under this part,”
6 and inserting “may at any time after
7 July 1, 2018, change the selection of
8 a repayment plan under this part to
9 one of the 2 repayment plans de-
10 scribed in paragraph (9)(C),”; and
11 (II) in clause (iii), by striking
12 “be subject to income contingent re-
13 payment in accordance with sub-
14 section (m);” and inserting “be sub-
15 ject to income-based repayment in ac-
16 cordance with section 493C(f);”; and
17 (ii) in subparagraph (E)(i), by strik-
18 ing “the option of repaying the loan in ac-
19 cordance with a standard, graduated, in-
20 come-sensitive, or extended repayment
21 schedule (as described in paragraph (9))
22 established by the lender in accordance
23 with regulations of the Secretary; and”
24 and inserting “the option of repaying the
25 loan in accordance with a repayment plan

1 described in paragraph (9)(C) established
2 by the lender in accordance with regula-
3 tions of the Secretary; and”;

4 (B) in paragraph (9), by adding at the end
5 the following:

6 “(C) SELECTION OF REPAYMENT PLANS
7 ON AND AFTER JULY 1, 2018.—

8 “(i) OPPORTUNITY TO CHANGE RE-
9 PAYMENT PLANS.—Notwithstanding any
10 other provision of this paragraph, or any
11 other provision of law, and in accordance
12 with regulations, beginning on July 1,
13 2018, the lender shall offer a borrower of
14 a loan made, insured, or guaranteed under
15 this part the opportunity to change repay-
16 ment plans, and to enroll in one of the fol-
17 lowing repayment plans:

18 “(I) A fixed repayment plan de-
19 scribed in section 493E.

20 “(II) The income-based repay-
21 ment plan under section 493C(f).”.

Strike 426 and insert the following:

1 **SEC. 426. STUDENT LOAN CONTRACT; AUTOMATIC INCOME**
2 **MONITORING PROCEDURES.**

3 (a) STUDENT LOAN CONTRACT.—Section
4 432(m)(1)(D) (20 U.S.C. 1082(m)(1)(D)) is amended by
5 adding at the end the following:

6 “(iv) STUDENT LOAN CONTRACT.—

7 “(I) IN GENERAL.—Any form de-
8 scribed in this subparagraph devel-
9 oped or used for loans made under
10 part D for which the first disburse-
11 ment is on or after the date of enact-
12 ment of the PROSPER Act shall be
13 referred to as a ‘student loan con-
14 tract’.

15 “(II) ANNUAL BASIS.—Such stu-
16 dent loan contract shall be provided to
17 borrowers on an annual basis in ac-
18 cordance with section 485(l)(5) for
19 loans made under this part and part
20 D.”.

21 (b) AUTOMATIC INCOME MONITORING PROCEDURES
22 AFTER A TOTAL AND PERMANENT DISABILITY DIS-
23 CHARGE.—Section 437(a) (20 U.S.C. 1087(a)) is amend-
24 ed by adding at the end the following:

25 “(3) AUTOMATIC INCOME MONITORING.—

1 “(A) IN GENERAL.—Not later than 2 years
2 after the date of enactment of the PROSPER
3 Act, the Secretary shall establish and imple-
4 ment, with respect to any borrower described in
5 subparagraph (B), procedures to—

6 “(i) obtain (for each year of the in-
7 come-monitoring period described in sub-
8 paragraph (B) and without further action
9 by the borrower) such information as is
10 reasonably necessary regarding the income
11 of such borrower (and the borrower’s
12 spouse, if applicable) for the purpose of de-
13 termining the borrower’s continued eligi-
14 bility for the loan discharge described in
15 subparagraph (B) for such year, and any
16 other information necessary to determine
17 such continued eligibility of the borrower
18 for such year, except that—

19 “(I) in the case of a borrower
20 whose returns and return information
21 indicate that the borrower has no
22 earned income for any year of such
23 income-monitoring period, such bor-
24 rower shall be treated as not having

1 earned income in excess of the poverty
2 line for such year; and

3 “(II) this clause shall be subject
4 to clause (ii);

5 “(ii) allow the borrower, at any time,
6 to opt out of clause (i) and prevent the
7 Secretary from obtaining information
8 under such clause without further action
9 by the borrower; and

10 “(iii) provide the borrower with an op-
11 portunity to update the information ob-
12 tained under clause (i) before the deter-
13 mination of the borrower’s continued eligi-
14 bility for such loan discharge for such
15 year.

16 “(B) APPLICABILITY.—Subparagraph (A)
17 shall apply—

18 “(i) to each borrower of a covered
19 loan (defined in section 455(d)(8)) that is
20 discharged under this subsection or section
21 464(e)(1)(F) due to the permanent and
22 total disability of the borrower; and

23 “(ii) during the income-monitoring pe-
24 riod under this subsection, defined in this
25 paragraph as the period—

1 “(I) beginning on the date on
2 which such loan is so discharged; and
3 “(II) during which the Secretary
4 determines whether a reinstatement of
5 the obligation of, and resumption of
6 collection on, such loan may be nec-
7 essary.”.

Strike 427 and insert the following:

8 **SEC. 427. REPAYMENT OF PARENT LOANS DUE TO STUDENT**
9 **DISABILITY.**

10 Section 437(d) (20 U.S.C. 1087(d)) is amended—

11 (1) by striking “If a student” and inserting the
12 following:

13 “(1) DEATH.—If a student”; and

14 (2) by adding at the end the following:

15 “(2) DISABILITY.—

16 “(A) IN GENERAL.—The Secretary shall
17 discharge a parent’s liability on a loan de-
18 scribed in section 428B by repaying the amount
19 owed on the loan if the student on whose behalf
20 the parent has received the loan—

21 “(i) becomes permanently and totally
22 disabled (as determined in accordance with
23 regulations of the Secretary); or

1 “(ii) is unable to engage in any sub-
2 stantial gainful activity by reason of any
3 medically determinable physical or mental
4 impairment that can be expected to result
5 in death, has lasted for a continuous pe-
6 riod of not less than 60 months, or can be
7 expected to last for a continuous period of
8 not less than 60 months.

9 “(B) DISABILITY DETERMINATIONS.—Sub-
10 section (a)(2) shall apply to a disability deter-
11 mination under this paragraph in the same
12 manner as such subsection applies to a deter-
13 mination under subsection (a)(1).

14 “(C) SAFEGUARDS.—The safeguards to
15 prevent fraud and abuse developed under sub-
16 section (a)(1) shall apply under this paragraph.

17 “(D) REINSTATEMENT OF LOANS.—The
18 Secretary may promulgate regulations to rein-
19 state the obligation of, and resume collection
20 on, loans discharged under this paragraph in
21 cases in which the Secretary determines that
22 the reinstatement and resumption is necessary
23 and appropriate based upon the regulations de-
24 veloped under subsection (a)(1).”.

Strike section 451 and insert the following:

1 **SEC. 451. AMENDMENTS TO FEDERAL DIRECT LOANS.**

2 (a) REPEAL OF ORIGINATION FEES.—

3 (1) IN GENERAL.—Subsection (c) of section
4 455 (20 U.S.C. 1087e(c)) is repealed.

5 (2) EFFECTIVE DATE.—The amendment made
6 by paragraph (1) shall apply with respect to loans
7 made under part D of title IV of the Higher Edu-
8 cation Act of 1965 (20 U.S.C. 1087a et seq.) for
9 which the first disbursement of principal is made,
10 or, in the case of a Federal Direct Consolidation
11 Loan, the application is received, on or after July 1,
12 2018.

13 (b) REPAYMENT PLANS.—Section 455(d) (20 U.S.C.
14 1087e(d)) is amended—

15 (1) by redesignating paragraphs (2) through
16 (5) as paragraphs (3) through (6), respectively;

17 (2) by inserting after paragraph (1), the fol-
18 lowing:

19 “(2) DESIGN AND SELECTION ON AND AFTER
20 JULY 1, 2018.—

21 “(A) IN GENERAL.—Notwithstanding para-
22 graph (1), for the borrower of a loan made on
23 or after July 1, 2018, and for other borrowers
24 subject to paragraph (7), the Secretary shall
25 offer a borrower of a loan made under this part
26 2 plans for repayment of such loan, including

1 principal and interest on the loan. The borrower
2 shall be entitled to accelerate, without penalty,
3 repayment on the borrower's loans under this
4 part. The borrower may choose—

5 “(i) a fixed repayment plan described
6 in section 493E; or

7 “(ii) the income-based repayment plan
8 under section 493C(f).

9 “(B) SELECTION BY THE SECRETARY.—If
10 a borrower of a loan made under this part on
11 or after July 1, 2018, does not select a repay-
12 ment plan described in subparagraph (A), the
13 Secretary may provide the borrower with a
14 fixed repayment plan described in section 493E.

15 “(C) CHANGES IN SELECTIONS.—Begin-
16 ning on July 1, 2018, a borrower of a loan
17 made under this part may change the bor-
18 rower's selection of a repayment plan in accord-
19 ance with paragraph (7) and under such terms
20 and conditions as may be established by the
21 Secretary.”; and

22 (3) by adding at the end the following:

23 “(7) BORROWERS OF LOANS MADE BEFORE
24 JULY 1, 2018.—A borrower who is in repayment on

1 a loan made under part B or part D before July 1,
2 2018—

3 “(A) may choose to retain the repayment
4 plan that the borrower was enrolled in on the
5 day before such date;

6 “(B) may elect to—

7 “(i) enter the income-based repayment
8 plan under section 493C(f); or

9 “(ii) enter a fixed repayment plan de-
10 scribed in section 493E;

11 “(C) after electing to leave a repayment
12 plan other than an income-based repayment
13 plan described under this subsection or a fixed
14 repayment plan described in section 493E, shall
15 not be permitted to re-elect a repayment plan
16 that is not an income-based repayment plan
17 under this subsection or a fixed repayment plan
18 described in section 493E; and

19 “(D) shall retain, for purposes of repay-
20 ment or cancellation of any outstanding balance
21 of principal and interest due on a loan (as de-
22 scribed in section 493C(b)(7)) any years of re-
23 payment under another income-based or income
24 contingent repayment plan under this title.”.

1 (c) NOTIFICATION AND AUTOMATIC ENROLLMENT
2 PROCEDURES.—Section 455(d) is further amended by
3 adding at the end the following:

4 “(8) NOTIFICATION AND AUTOMATIC ENROLL-
5 MENT PROCEDURES FOR BORROWERS WHO ARE DE-
6 LINQUENT ON LOANS.—

7 “(A) AUTHORITY TO OBTAIN INCOME IN-
8 FORMATION.—In the case of any borrower who
9 is at least 60 days delinquent on a covered loan,
10 the Secretary may obtain such information as is
11 reasonably necessary regarding the income and
12 family size of the borrower (and the borrower’s
13 spouse, if applicable).

14 “(B) BORROWER NOTIFICATION.—With re-
15 spect to each borrower of a covered loan who is
16 at least 60 days delinquent on such loan and
17 who has not been subject to the procedures
18 under this paragraph for such loan in the pre-
19 ceding 120 days, the Secretary shall, as soon as
20 practicable after such 60-day delinquency, pro-
21 vide to the borrower the following:

22 “(i) Notification that the borrower is
23 at least 60 days delinquent on at least 1
24 covered loan, and a description of all delin-
25 quent covered loans, nondelinquent covered

1 loans, and noncovered loans of the bor-
2 rower.

3 “(ii) A brief description of the repay-
4 ment plans for which the borrower is eligi-
5 ble and the covered loans and noncovered
6 loans of the borrower that may be eligible
7 for such plans, based on information avail-
8 able to the Secretary.

9 “(iii) The amount of monthly pay-
10 ments for the covered and noncovered
11 loans under the income-based repayment
12 plan under section 493C(f) and the fixed
13 repayment plan described in section 493E,
14 based on information available to the Sec-
15 retary, including, if the income information
16 of the borrower is available to the Sec-
17 retary under subparagraph (A)—

18 “(I) the amount of the monthly
19 payment under the income-based re-
20 payment plan under section 493C(f)
21 and the fixed repayment plan de-
22 scribed in section 493E for which the
23 borrower is eligible for the borrower’s
24 covered and noncovered loans, based
25 on such income information; and

1 “(II) the income, family size, tax
2 filing status, and tax year information
3 on which each monthly payment is
4 based.

5 “(iv) Clear and simple instructions on
6 how to select the repayment plans.

7 “(v) An explanation that, in the case
8 of a borrower for whom adjusted gross in-
9 come is unavailable—

10 “(I) if the borrower selects to
11 repay the covered loans of such bor-
12 rower pursuant to the income-based
13 repayment plan under section 493C(f)
14 that defines discretionary income in
15 such a manner that an individual not
16 required under section 6012(a)(1) of
17 the Internal Revenue Code of 1986 to
18 file a return with respect to income
19 taxes imposed by subtitle A of such
20 Code may have a calculated monthly
21 payment greater than \$0, the bor-
22 rower will be required to provide the
23 Secretary with other documentation of
24 income satisfactory to the Secretary,
25 which documentation the Secretary

1 may use to determine an appropriate
2 repayment schedule; and

3 “(II) if the borrower selects to
4 repay such loans pursuant to an in-
5 come-driven repayment plan that is
6 not described in subclause (I), the
7 borrower will not be required to pro-
8 vide the Secretary with such other
9 documentation of income, and the bor-
10 rower will have a calculated monthly
11 payment of \$0.

12 “(vi) An explanation that the Sec-
13 retary shall take the actions under sub-
14 paragraph (C) with respect to such bor-
15 rower, if—

16 “(I) the borrower is 120 days de-
17 linquent on 1 or more covered loans
18 and has not selected a new repayment
19 plan for the covered loans of the bor-
20 rower; and

21 “(II) in the case of such a bor-
22 rower whose repayment plan for the
23 covered loans of the borrower is not
24 an income-driven repayment plan de-
25 scribed in subparagraph (D) or (E) of

1 paragraph (1), the monthly payments
2 under such repayment plan are higher
3 than such monthly payments would be
4 under the income-based repayment
5 plan under section 493C(f).

6 “(vii) Instructions on updating the in-
7 formation of the borrower obtained under
8 subparagraph (A).

9 “(C) SECRETARY’S INITIAL SELECTION OF
10 PLAN.—With respect to each borrower de-
11 scribed in subparagraph (B) who has a repay-
12 ment plan for the covered loans of the borrower
13 that meets the requirements of clause (vi)(II) of
14 subparagraph (B) and has not selected a new
15 repayment plan for such loans in accordance
16 with the notice received under such subpara-
17 graph, and who is at least 120 days delinquent
18 on such a loan, the Secretary shall, as soon as
19 practicable—

20 “(i) provide the borrower with the in-
21 come-based repayment plan under section
22 493C(f); and

23 “(ii) authorize the borrower to change
24 the Secretary’s selection of a plan under

1 this clause to the fixed repayment plan de-
2 scribed in section 493E.

3 “(D) OPT-OUT.—A borrower of a covered
4 loan shall have the right to opt out of the pro-
5 cedures under this paragraph.

6 “(E) PROCEDURES.—The Secretary shall
7 establish procedures as are necessary to effec-
8 tively implement this paragraph.

9 “(9) NOTIFICATION AND AUTOMATIC ENROLL-
10 MENT PROCEDURES FOR BORROWERS WHO ARE RE-
11 HABILITATING DEFAULTED LOANS.—

12 “(A) AUTHORITY TO OBTAIN INCOME IN-
13 FORMATION.—In the case of any borrower who
14 is rehabilitating a covered loan pursuant to sec-
15 tion 428F(a), the Secretary may obtain such in-
16 formation as is reasonably necessary regarding
17 the income and family size of the borrower (and
18 the borrower’s spouse, if applicable).

19 “(B) BORROWER NOTIFICATION.—Not
20 later than 30 days after a borrower makes the
21 6th payment required for the loan rehabilitation
22 described in subparagraph (A), the Secretary
23 shall notify the borrower of the process under
24 subparagraph (C) with respect to such loan.

1 “(C) SECRETARY’S SELECTION OF PLAN.—

2 With respect to each borrower who has made
3 the 9th payment required for the loan rehabili-
4 tation described in subparagraph (A), the Sec-
5 retary shall, as soon as practicable after such
6 payment, provide the borrower with the income-
7 based repayment plan under section 493C(f),
8 without regard to whether the loan has been so
9 rehabilitated.

10 “(D) OPT-OUT.—A borrower of a covered
11 loan shall have the right to opt out of the pro-
12 cedures under this paragraph.

13 “(E) PROCEDURES.—The Secretary shall
14 establish procedures as are necessary to effec-
15 tively implement this paragraph.”.

16 (d) REPAYMENT AFTER DEFAULT.—Section
17 455(d)(6)(B) (20 U.S.C. 1087e(d)(6)(B)), as redesignated
18 by subsection (b)(1), is amended by striking “an income
19 contingent repayment plan.” and inserting “the income-
20 based repayment plan under section 493C(f).”.

21 (e) DEFINITIONS.—Section 455(d) (20 U.S.C.
22 1087e(d)) is further amended by adding at the end the
23 following:

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

1 “(A) COVERED LOAN.—The term ‘covered
2 loan’ means—

3 “(i) a loan made under this part;

4 “(ii) a loan purchased under section
5 459A; or

6 “(iii) a loan that has been assigned to
7 the Secretary under section 428(c)(8) or
8 part E.

9 “(B) NONCOVERED LOAN.—The term
10 ‘noncovered loan’ means a loan made, insured,
11 or guaranteed under this title that is not a cov-
12 ered loan.”.

13 (f) APPLICATION OF PREPAYMENT AMOUNTS.—Sec-
14 tion 455(d) is further amended by adding at the end the
15 following new paragraph:

16 “(11) APPLICATION OF PREPAYMENT
17 AMOUNTS.—

18 “(A) REQUIREMENT.—Notwithstanding
19 any other provision of this subsection or any
20 other provision of law—

21 “(i) with respect to loans made to an
22 eligible borrower under this part or part B,
23 which are held by the same holder and
24 which have different applicable rates of in-
25 terest, the holder of such loans shall, un-

1 less otherwise requested by the borrower in
2 writing, apply the borrower's prepayment
3 amount (within the meaning of section
4 682.209(b) of title 34, Code of Federal
5 Regulations, or a successor regulation) for
6 one or more of such loans, first toward the
7 outstanding balance of principal due on the
8 loan with the highest applicable rate of in-
9 terest among such loans; and

10 “(ii) except as provided in clause (i),
11 with respect to loans made to an eligible
12 borrower under this part or part B, which
13 are held by the same holder and which
14 have the same applicable rates of interest,
15 the holder of such loans shall, unless other-
16 wise requested by the borrower in writing,
17 apply the borrower's prepayment amount
18 (within the meaning of section 682.209(b)
19 of title 34, Code of Federal Regulations, or
20 a successor regulation) for one or more of
21 such loans, first toward the outstanding
22 balance of principal due on the loan with
23 the highest principal balance among such
24 loans.

25 “(B) ELIGIBLE BORROWER.—

1 “(i) IN GENERAL.—For purposes of
2 this paragraph, the term ‘eligible borrower’
3 means a borrower with no outstanding bal-
4 ance of fees, including collection costs and
5 authorized late charges, due on any loan
6 made under this part or part B.

7 “(ii) PREPAYMENT AMOUNTS.—A pre-
8 payment amount (as described in subpara-
9 graph (A)) made by a borrower who is not
10 an eligible borrower to a holder shall be
11 applied first toward the borrower’s out-
12 standing balance of fees, including collec-
13 tion costs and authorized late charges, due
14 on any loan made under this part or part
15 B held by such holder.”.

16 (g) INCOME CONTINGENT REPAYMENT.—Section
17 455(e) (20 U.S.C. 1087e(e)) is amended—

18 (1) in paragraph (3)—

19 (A) by striking “does not reasonably re-
20 flect the borrower’s current income” and insert-
21 ing “whose income has decreased relative to the
22 adjusted gross income available to the Sec-
23 retary”; and

1 (B) by inserting “, consistent with the pro-
2 cedures established under paragraph
3 (8)(B)(iv)” before the period at the end; and
4 (2) by adding at the end the following:

5 “(8) AUTOMATIC RECERTIFICATION.—

6 “(A) DEFINITION.—In this paragraph, the
7 term ‘covered loan’ has the meaning given the
8 term in subsection (d)(10).

9 “(B) IN GENERAL.—Beginning as soon as
10 the Secretary determines practicable after the
11 Secretary finalizes the procedures under section
12 498 of the PROSPER Act, but not later than
13 2 years after the date of enactment of such Act,
14 the Secretary shall establish and implement,
15 with respect to any borrower described in sub-
16 paragraph (C), procedures to—

17 “(i) obtain (for each year of repay-
18 ment and without further action by the
19 borrower) such information as is reason-
20 ably necessary regarding the income of
21 such borrower (and the borrower’s spouse,
22 if applicable), for the purpose of deter-
23 mining the repayment obligation of the
24 borrower for such year, including informa-
25 tion with respect to the borrower’s family

1 size in accordance with the procedures
2 under section 498 of the PROSPER Act,
3 subject to clause (ii);

4 “(ii) allow the borrower, at any time,
5 to opt out of clause (i) and prevent the
6 Secretary from obtaining information
7 under such clause without further action
8 by the borrower;

9 “(iii) provide the borrower with an op-
10 portunity to update the information ob-
11 tained under clause (i) before the deter-
12 mination of the annual repayment obliga-
13 tion of the borrower; and

14 “(iv) in the case of a borrower for
15 whom adjusted gross income is unavail-
16 able—

17 “(I) if the borrower has selected
18 to repay the covered loans of such
19 borrower pursuant to an income con-
20 tingent repayment plan that defines
21 discretionary income in such a man-
22 ner that an individual not required
23 under section 6012(a)(1) of the Inter-
24 nal Revenue Code of 1986 to file a re-
25 turn with respect to income taxes im-

1 posed by subtitle A of such Code may
2 have a calculated monthly payment
3 greater than \$0, the borrower will be
4 required to provide the Secretary with
5 other documentation of income satis-
6 factory to the Secretary, which docu-
7 mentation the Secretary may use to
8 determine an appropriate repayment
9 schedule; or

10 “(II) if the borrower has selected
11 to repay such loans pursuant to an in-
12 come contingent repayment that is not
13 described in subclause (I), the bor-
14 rower will not be required to provide
15 the Secretary with such other docu-
16 mentation of income, and the bor-
17 rower will have a calculated monthly
18 payment of \$0.

19 “(C) APPLICABILITY.—Subparagraph (B)
20 shall apply to each borrower of a covered loan
21 who, on or after the date on which the Sec-
22 retary establishes procedures under such sub-
23 paragraph—

24 “(i) selects, or for whom the Secretary
25 selects under paragraph (8)(C) or (9)(C)

1 of subsection (d), or section 428(m)(1), an
2 income contingent repayment plan; or

3 “(ii) recertifies income and family size
4 under such plan.

5 “(D) OTHER REQUIREMENTS.—The proce-
6 dures established by the Secretary under this
7 paragraph shall be consistent with the require-
8 ments of paragraphs (1) through (7), except as
9 otherwise provided in this paragraph.”.

10 (h) APPLICATION.—The amendments made by sub-
11 sections (c) through (e) shall—

12 (1) take effect as soon as the Secretary of Edu-
13 cation determines practicable after the Secretary fi-
14 nalizes the procedures under section 498 of this Act,
15 but not later than 2 years after the date of enact-
16 ment of this Act; and

17 (2) apply to all borrowers of covered loans (as
18 defined in section 455(d)(10) of the Higher Edu-
19 cation Act of 1965, as added by subsection (e)).

Redesignate sections 452 through 454, as sections
453 through 455, respectively.

After section 451, insert the following:

1 **SEC. 452. SEPARATING JOINT CONSOLIDATION LOANS.**

2 (a) IN GENERAL.—Section 455(g) (20 U.S.C.
3 1087e(g)) is amended—

4 (1) by striking “A borrower” and inserting the
5 following:

6 “(1) IN GENERAL.—A borrower”; and

7 (2) by adding at the end the following:

8 “(2) SEPARATING JOINT CONSOLIDATION
9 LOANS.—

10 “(A) IN GENERAL.—A married couple, or
11 2 individuals who were previously a married
12 couple, and who received a joint consolidation
13 loan as such married couple under subpara-
14 graph (C) of section 428C(a)(3) (as such sub-
15 paragraph was in effect on or before June 30,
16 2006), may apply to the Secretary for each in-
17 dividual borrower in the married couple (or pre-
18 viously married couple) to receive a separate
19 Federal Direct Consolidation Loan under this
20 part—

21 “(i) that shall—

22 “(I) unless the Secretary receives
23 notice of an agreement described in
24 subclause (II)(aa), be equal to the
25 sum of—

1 “(aa) the unpaid principal
2 and accrued unpaid interest of
3 the percentage of the joint con-
4 solidation loan that, as of the day
5 before such joint consolidation
6 loan was made, was attributable
7 to the loans of the individual bor-
8 rower for whom such separate
9 consolidation loan is being made;
10 and

11 “(bb) any other loans de-
12 scribed in section 428C(a)(4)
13 that such individual borrower se-
14 lects for consolidation under this
15 part; or

16 “(II) be equal to the sum of—

17 “(aa) the unpaid principal
18 and accrued unpaid interest of
19 the percentage of the joint con-
20 solidation loan that, as of the
21 date of application under this
22 paragraph, the married couple
23 (or previously married couple)
24 agrees shall be considered attrib-
25 utable to the loans of the indi-

1 individual borrower for whom such
2 separate consolidation loan is
3 being made; and

4 “(bb) any other loans de-
5 scribed in section 428C(a)(4)
6 that such individual borrower se-
7 lects for consolidation under this
8 part;

9 “(ii) the proceeds of which shall be
10 paid by the Secretary to the holder or
11 holders—

12 “(I) of the joint consolidation
13 loan for the purpose of discharging
14 the liability on the percentage of such
15 joint consolidation loan described in
16 subclause (I)(aa) or (II)(aa) of clause
17 (i); and

18 “(II) of the loans selected for
19 consolidation under subclause (I)(bb)
20 or subclause (II)(bb) of clause (i) for
21 the purpose of discharging the liability
22 on such loans;

23 “(iii) except as otherwise provided in
24 this paragraph, that has the same terms

1 and conditions, and rate of interest as the
2 joint consolidation loan;

3 “(iv) for which any payment made
4 under section 455(m)(1)(A) on the joint
5 consolidation loan during a period in which
6 the individual borrower for whom such sep-
7 arate consolidation loan is being made was
8 employed in a public service job described
9 in section 455(m)(1)(B) shall be treated as
10 if such payment were made on such sepa-
11 rate consolidation loan; and

12 “(v) for which any payment made
13 under an income contingent repayment
14 plan or an income-based repayment plan
15 described in subparagraph (D) or (E) of
16 section 455(d)(1), respectively, on the joint
17 consolidation loan shall be treated as if
18 such payment were made on such separate
19 consolidation loan.

20 “(B) APPLICATION FOR SEPARATE DIRECT
21 CONSOLIDATION LOAN.—

22 “(i) JOINT APPLICATION.—Except as
23 provided in clause (ii), to receive separate
24 consolidation loans under subparagraph
25 (A), both individual borrowers in a married

1 couple (or previously married couple) shall
2 jointly apply under subparagraph (A).

3 “(ii) SEPARATE APPLICATION.—An
4 individual borrower in a married couple (or
5 previously married couple) may apply for a
6 separate consolidation loan under subpara-
7 graph (A) separately and without regard to
8 whether or when the other individual bor-
9 rower in the married couple (or previously
10 married couple) applies under subpara-
11 graph (A), in a case in which—

12 “(I) the individual borrower has
13 experienced from the other individual
14 borrower—

15 “(aa) domestic violence (as
16 defined in section 40002(a) of
17 the Violence Against Women Act
18 of 1994 (42 U.S.C. 13925 (a)));
19 or

20 “(bb) economic abuse (in-
21 cluding behaviors that control
22 such borrower’s ability to ac-
23 quire, use, and maintain access
24 to money, credit, or the joint fi-

1 nancial obligations of both bor-
2 rowers);

3 “(II) the individual borrower cer-
4 tifies, on a form approved by the Sec-
5 retary, that such borrower is unable
6 to reasonably reach or access the loan
7 information of the other individual
8 borrower; or

9 “(III) the Secretary determines
10 that authorizing each individual bor-
11 rower to apply separately under sub-
12 paragraph (A) would be in the best
13 fiscal interests of the Federal Govern-
14 ment.

15 “(C) BORROWER ELIGIBILITY.—Notwith-
16 standing section 428C(a)(3)(A), the Secretary
17 shall award a consolidation loan under this part
18 to each borrower who—

19 “(i) applies for such loan under sub-
20 paragraph (A); and

21 “(ii) meets the requirements of sub-
22 paragraphs (A) and (B).”.

23 (b) CONFORMING AMENDMENT.—Section
24 428C(a)(3)(B)(i)(V) of the Higher Education Act of 1965
25 (20 U.S.C. 1078–3(3)(B)(i)(V)) is amended—

- 1 (1) by striking “or” at the end of item “(bb)”;
- 2 (2) by striking the period at the end of item
- 3 “(cc)” and inserting “; or”; and
- 4 (3) by adding at the end the following:
- 5 “(dd) for the purpose of sep-
- 6 arating a joint consolidation loan
- 7 into 2 separate Federal Direct
- 8 Consolidation Loans under sec-
- 9 tion 455(g)(2).”.

Amend subsection (d) of section 488 to read as follows:

- 10 (d) EXIT COUNSELING.—Section 485(b) (20 U.S.C.
- 11 1092(b)) is amended—
- 12 (1) in paragraph (1)(A)—
- 13 (A) in the matter preceding clause (i),
- 14 striking “through financial aid offices or other-
- 15 wise” and inserting “through the use of an
- 16 interactive program, during an exit counseling
- 17 session that is in-person or online, or through
- 18 the use of the online counseling tool described
- 19 in subsection (n)(1)(A)”;
- 20 (B) by redesignating clauses (i) through
- 21 (ix) as clauses (iv) through (xii), respectively;
- 22 (C) by inserting before clause (iv), as so
- 23 redesignated, the following:

1 “(i) a summary of the outstanding
2 balance of principal and interest due on
3 the loans made to the borrower under part
4 B, D, or E;

5 “(ii) an explanation of the grace pe-
6 riod preceding repayment and the expected
7 date that the borrower will enter repay-
8 ment;

9 “(iii) an explanation that the borrower
10 has the option to pay any interest that has
11 accrued while the borrower was in school
12 or that may accrue during the grace period
13 preceding repayment or during an author-
14 ized period of deferment or forbearance,
15 prior to the capitalization of the interest;”;
16 (D) in clause (iv), as so redesignated—

17 (i) by striking “sample information
18 showing the average” and inserting “infor-
19 mation, based on the borrower’s out-
20 standing balance described in clause (i),
21 showing the borrower’s”; and

22 (ii) by striking “of each plan” and in-
23 sserting “of at least the fixed repayment
24 plan described in section 493E, the in-
25 come-based repayment plan under section

1 493C(f), and any other repayment plan for
2 which each loan may be eligible”;

3 (E) in clause (ix), as so redesignated—

4 (i) by inserting “decreased credit
5 score,” after “credit reports,”; and

6 (ii) by inserting “reduced ability to
7 rent or purchase a home or car, potential
8 difficulty in securing employment,” after
9 “Federal law,”;

10 (F) in clause (x), as so redesignated, by
11 striking “consolidation loan under section 428C
12 or a”;

13 (G) in clauses (xi) and (xii), as so redesign-
14 ated, by striking “and” at the end; and

15 (H) by adding at the end the following:

16 “(xiii) for each of the borrower’s loans
17 made under part B, D, or E for which the
18 borrower is receiving counseling under this
19 subsection, the contact information for the
20 loan servicer of the loan and a link to such
21 servicer’s Website; and

22 “(xiv) an explanation that an indi-
23 vidual has a right to annually request a
24 disclosure of information collected by a
25 consumer reporting agency pursuant to

1 section 612(a) of the Fair Credit Report-
2 ing Act (15 U.S.C. 1681j(a)).”;

3 (2) in paragraph (1)(B)—

4 (A) by inserting “online or” before “in
5 writing”; and

6 (B) by adding before the period at the end
7 the following: “, except that in the case of an
8 institution using the online counseling tool de-
9 scribed in subsection (n)(1)(A), the Secretary
10 shall attempt to provide such information to the
11 student in the manner described in subsection
12 (n)(3)(C)”;

13 (3) in paragraph (2)(C), by inserting “, such as
14 the online counseling tool described in subsection
15 (n)(1)(A),” after “electronic means”.

Strike section 486 and insert the following:

16 **SEC. 486. STATUTE OF LIMITATION.**

17 Subsection (a) of section 484A (20 U.S.C. 1091a(a))
18 is amended to read as follows:

19 “(a) STATUTE OF LIMITATIONS.—Notwithstanding
20 any Federal or State statutory, regulatory, or administra-
21 tive limitation on the period within which debts may be
22 enforced—

23 “(1) an institution that receives funds under
24 this title may file a suit or initiate or take another

1 action for collection of a refund due from a student
2 on a grant made, or work assistance awarded, under
3 this title, during the 6-year period beginning on the
4 day after the refund first became due (exclusive of
5 the period during which the State statute of limita-
6 tions otherwise applicable to a suit under this para-
7 graph would be tolled under State law);

8 “(2) a guaranty agency that has an agreement
9 with the Secretary under section 428(c) may file a
10 suit or initiate or take another action for collection
11 of the amount due from a borrower on a loan made
12 under part B during the 6-year period beginning on
13 the day after such guaranty agency reimburses the
14 previous holder of the loan for its loss on account of
15 the default of the borrower (exclusive of the period
16 during which the State statute of limitations other-
17 wise applicable to a suit under this paragraph would
18 be tolled under State law);

19 “(3) an institution that has an agreement with
20 the Secretary pursuant to section 487 may file a suit
21 or initiate or take another action for collection of the
22 amount due from a borrower on a loan made under
23 part D or E after the default of the borrower on
24 such loan during the 6-year period beginning on the
25 day after the date of the default of the borrower

1 with respect to such amount (exclusive of the period
2 during which the State statute of limitations other-
3 wise applicable to a suit under this paragraph would
4 be tolled under State law); or

5 “(4) the Secretary, the Attorney General, or the
6 administrative head of another Federal agency, as
7 the case may be, may file a suit or initiate or take
8 another action for collection of a refund due from a
9 student on a grant made under this title, or for the
10 repayment of the amount due from a borrower on a
11 loan made under this title that has been assigned to
12 the Secretary under this title, during the 6-year pe-
13 riod beginning on the day after the refund or the
14 amount first became due.”.

Strike subsection (e) of section 488.

Amend subsection (h) of section 488 to read as fol-
lows:

15 (h) ANNUAL COUNSELING; ONLINE COUNSELING
16 TOOLS.—

17 (1) CONFORMING AMENDMENT.—Section
18 485(d)(1) (20 U.S.C. 109((d)(1)) is amended by
19 striking “including income-sensitive” and all that
20 follows through “part D” and inserting “including,
21 beginning on July 1, 2018, the income-based repay-

1 ment plan under section 493C(f) and the fixed re-
2 payment plan described in section 493E”.

3 (2) ANNUAL COUNSELING FOR FIRST-TIME
4 BORROWERS AND RETURNING BORROWERS.—Section
5 485(l) (20 U.S.C. 1092(l)) is amended to read as
6 follows:

7 “(1) ANNUAL FINANCIAL AID COUNSELING.—

8 “(1) ANNUAL DISCLOSURE REQUIRED.—

9 “(A) IN GENERAL.—Each eligible institu-
10 tion shall ensure that each individual who re-
11 ceives a loan made under part D (other than a
12 Federal Direct Consolidation Loan) receives
13 comprehensive information on the terms and
14 conditions of such loan and the responsibilities
15 the individual has with respect to such loan.
16 Such information shall be provided, for each
17 award year for which the individual receives
18 such loan, in a simple and understandable man-
19 ner—

20 “(i) during a counseling session con-
21 ducted in person;

22 “(ii) online, with the individual ac-
23 knowledging receipt of the information; or

1 “(iii) through the use of the online
2 counseling tool described in subsection
3 (n)(1)(B).

4 “(B) USE OF INTERACTIVE PROGRAMS.—
5 In the case of institutions not using the online
6 counseling tool described in subsection
7 (n)(1)(B), the Secretary shall require such in-
8 stitutions to carry out the requirements of sub-
9 paragraph (A) through the use of interactive
10 programs, during an annual counseling session
11 that is in-person or online, that test the individ-
12 ual’s understanding of the terms and conditions
13 of the loan awarded to the individual, using
14 simple and understandable language and clear
15 formatting.

16 “(2) ALL INDIVIDUALS.—The information to be
17 provided under paragraph (1)(A) to each individual
18 receiving counseling under this subsection shall in-
19 clude the following:

20 “(A) An explanation of how the individual
21 may budget for typical educational expenses
22 and a sample budget based on the cost of at-
23 tendance for the institution.

24 “(B) An explanation that an individual has
25 a right to annually request a disclosure of infor-

1 mation collected by a consumer reporting agen-
2 cy pursuant to section 612(a) of the Fair Credit
3 Reporting Act (15 U.S.C. 1681j(a)).

4 “(C) An introduction to the financial man-
5 agement resources provided by the Consumer
6 Financial Protection Bureau.

7 “(3) BORROWERS RECEIVING LOANS MADE
8 UNDER PART D (OTHER THAN PARENT PLUS
9 LOANS).—The information to be provided under
10 paragraph (1)(A) to a borrower of a loan made
11 under part D (other than a Federal Direct PLUS
12 Loan made on behalf of a dependent student) shall
13 include the following:

14 “(A) A notification that some students
15 may qualify for other financial aid and an ex-
16 planation that the borrower should consider ac-
17 cepting any grant, scholarship, or State or Fed-
18 eral work-study jobs for which the borrower is
19 eligible prior to accepting student loans.

20 “(B) To the extent practicable, the effect
21 of accepting the loan to be disbursed on the eli-
22 gibility of the borrower for other forms of stu-
23 dent financial assistance.

1 “(C) An explanation of the use of the stu-
2 dent loan contract referred to in section
3 432(m)(1)(D).

4 “(D) An explanation that the borrower is
5 not required to accept the full amount of the
6 loan offered to the borrower.

7 “(E) An explanation of the approved edu-
8 cational expenses for which the borrower may
9 use a loan made under part D.

10 “(F) A recommendation to the borrower to
11 exhaust the borrower’s Federal student loan op-
12 tions prior to taking out private education
13 loans, an explanation that Federal student
14 loans typically offer better terms and conditions
15 than private education loans, an explanation
16 that Federal student loans offer consumer pro-
17 tections typically not available in the private
18 education loan market, an explanation of treat-
19 ment of loans made under part D and private
20 education loans in bankruptcy, and an expla-
21 nation that if a borrower decides to take out a
22 private education loan—

23 “(i) the borrower has the ability to se-
24 lect a private educational lender of the bor-
25 rower’s choice;

1 “(ii) the proposed private education
2 loan may impact the borrower’s potential
3 eligibility for other financial assistance, in-
4 cluding Federal financial assistance under
5 this title; and

6 “(iii) the borrower has a right—

7 “(I) to accept the terms of the
8 private education loan within 30 cal-
9 endar days following the date on
10 which the application for such loan is
11 approved and the borrower receives
12 the required disclosure documents,
13 pursuant to section 128(e) of the
14 Truth in Lending Act (15 U.S.C.
15 1638(e)); and

16 “(II) to cancel such loan within 3
17 business days of the date on which the
18 loan is consummated, pursuant to sec-
19 tion 128(e)(7) of such Act (15 U.S.C.
20 1638(e)(7)).

21 “(G) The interest rate for the loan, as of
22 the date of the counseling.

23 “(H) Information on how interest accrues
24 and is capitalized during periods when the in-

1 terest is not paid by either the borrower or the
2 Secretary.

3 “(I) In the case of a Federal Direct PLUS
4 Loan or a Federal Direct Unsubsidized Staf-
5 ford Loan, the option of the borrower to pay
6 the interest while the borrower is in school.

7 “(J) The definition of half-time enrollment
8 at the institution, during regular terms and
9 summer school, if applicable, and the con-
10 sequences of not maintaining at least half-time
11 enrollment.

12 “(K) An explanation of the importance of
13 contacting the appropriate offices at the institu-
14 tion of higher education if the borrower with-
15 draws prior to completing the borrower’s pro-
16 gram of study so that the institution can pro-
17 vide exit counseling, including information re-
18 garding the borrower’s repayment options and
19 loan consolidation.

20 “(L) The obligation of the borrower to
21 repay the full amount of the loan, regardless of
22 whether the borrower completes or does not
23 complete the program in which the borrower is
24 enrolled within the regular time for program
25 completion.

1 “(M) The likely consequences of default on
2 the loan, including adverse credit reports, delin-
3 quent debt collection procedures under Federal
4 law, and litigation.

5 “(N) Notice of the institution’s most re-
6 cent cohort default rate (as defined in section
7 435(m)), an explanation of the cohort default
8 rate, the most recent national average cohort
9 default rate, and the most recent national aver-
10 age cohort default rate for the category of insti-
11 tution described in section 435(m)(4) to which
12 the institution belongs.

13 “(O) Information on the National Student
14 Loan Data System and how the borrower can
15 access the borrower’s records.

16 “(P) The contact information for the insti-
17 tution’s financial aid office or other appropriate
18 office at the institution the borrower may con-
19 tact if the borrower has any questions about the
20 borrower’s rights and responsibilities or the
21 terms and conditions of the loan.

22 “(Q) For a first-time borrower, in addition
23 to all the information described in subpara-
24 graphs (A) through (P) —

1 “(i) a statement of the anticipated
2 balance on the loan for which the borrower
3 is receiving counseling under this sub-
4 section;

5 “(ii) based on such anticipated bal-
6 ance, the anticipated monthly payment
7 amount under, at minimum—

8 “(I) the fixed repayment plan de-
9 scribed in section 493E; and

10 “(II) the income-based repay-
11 ment plan under section 493C(f), as
12 determined using regionally available
13 data from the Bureau of Labor Sta-
14 tistics of the average starting salary
15 for the occupation in which the bor-
16 rower has an interest in or intends to
17 be employed;

18 “(iii) an estimate of the projected
19 monthly payment amount under each re-
20 payment plan described in clause (ii),
21 based on the average cumulative indebted-
22 ness at graduation for borrowers of loans
23 made under part D who are in the same
24 program of study as the borrower and the

1 expected increase in the cost of attendance
2 of such program; and

3 “(iv) information on the annual and
4 aggregate loan limits for Federal Direct
5 Stafford Loans and Federal Direct Unsub-
6 sidized Stafford Loans as it pertains to the
7 loan for which the borrower is receiving
8 counseling, and a statement that such ag-
9 gregate borrowing limit may change based
10 on the borrower’s student status (whether
11 undergraduate or graduate) or if there is a
12 change in the borrower’s dependency sta-
13 tus.

14 “(R) For a borrower with an outstanding
15 balance of principal or interest due on a loan
16 made under this title, in addition to all the in-
17 formation described in subparagraphs (A)
18 through (P)—

19 “(i) information on each student loan
20 that the institution is aware that the stu-
21 dent has borrowed, including Federal
22 loans, private loans, and loans from the in-
23 stitution;

24 “(ii) the total amount of the out-
25 standing balance and interest accrued from

1 the Federal student loans described in
2 clause (i);

3 “(iii) for each Federal loan described
4 in clause (i), the interest rate for the loan,
5 as of the date of the counseling, and a
6 statement that the interest rate on student
7 loans may vary based on when the loan
8 was borrowed and other factors;

9 “(iv) based on such outstanding bal-
10 ance for the Federal student loans, the an-
11 ticipated monthly payment amount under
12 the fixed repayment plan described in sec-
13 tion 493E, the income-based repayment
14 plan under section 493C(f), and any other
15 repayment plan for which each loan may
16 be eligible, calculated using regionally
17 available data from the Bureau of Labor
18 Statistics of the average starting salary for
19 the occupation the borrower intends to be
20 employed;

21 “(v) an estimate of the projected
22 monthly payment amount under each re-
23 payment plan described in clause (iv),
24 based on—

1 “(I) the outstanding balance de-
2 scribed in clause (ii);

3 “(II) the anticipated outstanding
4 balance on the loan for which the stu-
5 dent is receiving counseling under this
6 subsection; and

7 “(III) a projection for any other
8 loans made under part D that the
9 borrower is reasonably expected to ac-
10 cept during the borrower’s program of
11 study based on at least the average
12 cumulative indebtedness at graduation
13 for borrowers of loans made under
14 Part D who are in the same program
15 of study as the borrower and the ex-
16 pected increase in the cost of attend-
17 ance of such program;

18 “(vi) a statement that the outstanding
19 balance described in clause (ii), the interest
20 rate described in clause (iii), and the
21 monthly amount described in clause (iv)
22 and clause (v) does not include any
23 amounts that the student may be required
24 to repay for private or institutional loans;
25 and

1 “(vii) the percentage of the total ag-
2 gregate borrowing limit that the student
3 has reached, as of the date of the coun-
4 seling, for Federal Direct Stafford Loans
5 and Federal Direct Unsubsidized Stafford
6 Loans, and a statement that such aggre-
7 gate borrowing limit may change based on
8 the borrower’s student status (whether un-
9 dergraduate or graduate) or if there is a
10 change in the borrower’s dependency sta-
11 tus.

12 “(4) BORROWERS RECEIVING PARENT PLUS
13 LOANS FOR DEPENDENT STUDENTS.—The informa-
14 tion to be provided under paragraph (1)(A) to a bor-
15 rower of a Federal Direct PLUS Loan made on be-
16 half of a dependent student shall include the fol-
17 lowing:

18 “(A) A notification that some students
19 may qualify for other financial aid and an ex-
20 planation that the student for whom the bor-
21 rower is taking out the loan for should consider
22 accepting any grant, scholarship, or State or
23 Federal work-study jobs for which the borrower
24 is eligible prior to borrowing Parent PLUS
25 Loans.

1 “(B) The information described in sub-
2 paragraphs (B) through (D) and (L) through
3 (O) of paragraph (3).

4 “(C) The interest rate for the loan, as of
5 the date of the counseling.

6 “(D) The option of the borrower to pay the
7 interest on the loan while the loan is in
8 deferment.

9 “(E) Debt management strategies that are
10 designed to facilitate the repayment of such in-
11 debtedness.

12 “(F) An explanation that the borrower has
13 the options to prepay each loan, pay each loan
14 on a shorter schedule, and change repayment
15 plans.

16 “(G) For each Federal Direct PLUS Loan
17 made on behalf of a dependent student for
18 which the borrower is receiving counseling
19 under this subsection, the contact information
20 for the loan servicer of the loan and a link to
21 such servicer’s Website.

22 “(H) For a first-time borrower of such
23 loan—

24 “(i) a statement of the anticipated
25 balance on the loan for which the borrower

1 is receiving counseling under this sub-
2 section;

3 “(ii) based on such anticipated bal-
4 ance, the anticipated monthly payment
5 amount under the fixed repayment plan
6 described in section 493E and the income-
7 based repayment plan under section
8 493C(f); and

9 “(iii) an estimate of the projected
10 monthly payment amount under the fixed
11 repayment plan described in section 493E,
12 the income-based repayment plan under
13 section 493C(f), and any other repayment
14 plan for which each loan may be eligible,
15 based on the average cumulative indebted-
16 ness of other borrowers of Federal Direct
17 PLUS Loans made on behalf of dependent
18 students who are in the same program of
19 study as the student on whose behalf the
20 borrower borrowed the loan and the ex-
21 pected increase in the cost of attendance of
22 such program.

23 “(I) For a borrower with an outstanding
24 balance of principal or interest due on such
25 loan—

1 “(i) a statement of the amount of
2 such outstanding balance;

3 “(ii) based on such outstanding bal-
4 ance, the anticipated monthly payment
5 amount under the fixed repayment plan
6 described in section 493E, and income-
7 based repayment plan under section
8 493C(f), and any other repayment plan for
9 which each loan may be eligible; and

10 “(iii) an estimate of the projected
11 monthly payment amount under the fixed
12 and income-based repayment plans, based
13 on—

14 “(I) the anticipated outstanding
15 balance on the loan for which the bor-
16 rower is receiving counseling under
17 this subsection; and

18 “(II) a projection for any other
19 Federal Direct PLUS Loan made on
20 behalf of the dependent student that
21 the borrower is reasonably expected to
22 accept during the program of study of
23 such student based on at least the av-
24 erage cumulative indebtedness of
25 other borrowers of Federal Direct

1 PLUS Loans made on behalf of de-
2 pendent students who are in the same
3 program of study as the student on
4 whose behalf the borrower borrowed
5 the loan and the expected increase in
6 the cost of attendance of such pro-
7 gram.

8 “(5) ANNUAL LOAN ACCEPTANCE.—Prior to
9 making the first disbursement of a loan made under
10 part D (other than a Federal Direct Consolidation
11 Loan) to a borrower for an award year, an eligible
12 institution, shall, as part of carrying out the coun-
13 seling requirements of this subsection for the loan,
14 ensure that after receiving the applicable counseling
15 under paragraphs (2), (3), and (4) for the loan the
16 borrower accepts the loan for such award year by—

17 “(A) signing and returning to the institu-
18 tion the student loan contract for the loan re-
19 ferred to in section 432(m)(1)(D) that affirma-
20 tively states that the borrower accepts the loan;
21 or

22 “(B) electronically signing an electronic
23 version of the student loan contract described in
24 subparagraph (A).”.

1 (3) ONLINE COUNSELING TOOLS.—Section 485
2 (20 U.S.C. 1092) is further amended by adding at
3 the end the following:

4 “(n) ONLINE COUNSELING TOOLS.—

5 “(1) IN GENERAL.—Beginning not later than 1
6 year after the date of enactment of the PROSPER
7 Act, the Secretary shall maintain—

8 “(A) an online counseling tool that pro-
9 vides the exit counseling required under sub-
10 section (b) and meets the applicable require-
11 ments of this subsection; and

12 “(B) an online counseling tool that pro-
13 vides the annual counseling required under sub-
14 section (l) and meets the applicable require-
15 ments of this subsection.

16 “(2) REQUIREMENTS OF TOOLS.—In maintain-
17 ing the online counseling tools described in para-
18 graph (1), the Secretary shall ensure that each such
19 tool is—

20 “(A) consumer tested, in consultation with
21 other relevant Federal agencies, to ensure that
22 the tool is effective in helping individuals under-
23 stand their rights and obligations with respect
24 to borrowing a loan made under part D;

1 “(B) understandable to borrowers of loans
2 made under part D; and

3 “(C) freely available to all eligible institu-
4 tions.

5 “(3) RECORD OF COUNSELING COMPLETION.—
6 The Secretary shall—

7 “(A) use each online counseling tool de-
8 scribed in paragraph (1) to keep a record of
9 which individuals have received counseling using
10 the tool, and notify the applicable institutions
11 of the individual’s completion of such coun-
12 seling;

13 “(B) in the case of a borrower who re-
14 ceives annual counseling for a loan made under
15 part D using the tool described in paragraph
16 (1)(B), notify the borrower by when the bor-
17 rower should accept, in a manner described in
18 subsection (1)(5), the loan for which the bor-
19 rower has received such counseling; and

20 “(C) in the case of a borrower described in
21 subsection (b)(1)(B) at an institution that uses
22 the online counseling tool described in para-
23 graph (1)(A) of this subsection, the Secretary
24 shall attempt to provide the information de-

1 scribed in subsection (b)(1)(A) to the borrower
2 through such tool.”.

Strike subsection (i) of section 488.

In section 491, after subsection (j), insert the following:

3 (k) PROHIBITION ON LOSS OF ACCESS TO TRAN-
4 SCRIPTS FOR LOAN DEFAULT; PROHIBITION ON LIMITA-
5 TIONS ON ABILITY OF STUDENTS TO PURSUE CLAIMS
6 AGAINST CERTAIN INSTITUTIONS OF HIGHER EDU-
7 CATION.—Section 487(a) (20 U.S.C. 1094(a)) is amended
8 by adding at the end the following new paragraph:

9 “(30)(A) The institution will not prohibit a stu-
10 dent from accessing the student’s transcripts, degree
11 scrolls, or other certifications of coursework or edu-
12 cational attainments at the institution because the
13 student is in default on the repayment of a loan
14 made, insured, or guaranteed under this title.

15 “(B) For purposes of this paragraph, the term
16 ‘student’ includes former students.

17 “(31) The institution will not require any stu-
18 dent to agree to, and will not enforce, any limitation
19 or restriction (including a limitation or restriction on
20 any available choice of applicable law, a jury trial,
21 or venue) on the ability of a student to pursue a

1 claim, individually or with others, against an institu-
2 tion in court.”.

Redesignate section 494C and 494D, as sections
494D and 494E, respectively.

After 494B, insert the following:

3 **SEC. 494C. INCOME-BASED REPAYMENT PLAN.**

4 Section 493C (20 U.S.C. 1098e) is amended—

5 (1) in subsection (b)—

6 (A) by amending paragraph (8) to read as
7 follows:

8 “(8) a borrower who is repaying a loan made,
9 insured, or guaranteed under part B or D pursuant
10 to an income contingent repayment plan or an in-
11 come-based repayment plan described in subpara-
12 graph (D) or (E) of section 455(d)(1), respectively,
13 may elect, at any time, to terminate repayment pur-
14 suant to income-based repayment and repay such
15 loan under the income-based repayment plan under
16 section 493C(f) or the fixed repayment plan de-
17 scribed in section 493E;”.

18 (B) in paragraph (9), by striking the pe-
19 riod at the end and inserting “; and”; and

20 (C) by adding at the end the following:

1 “(10) a borrower who is repaying a loan made
2 under part B or D pursuant to this section may
3 repay such loan in full at any time without pen-
4 alty.”;

5 (2) in subsection (c)—

6 (A) by striking “The Secretary shall estab-
7 lish” and inserting the following:

8 “(1) IN GENERAL.—The Secretary shall estab-
9 lish”;

10 (B) by striking “The Secretary shall con-
11 sider” and inserting the following:

12 “(2) PROCEDURES FOR ELIGIBILITY.—The Sec-
13 retary shall—

14 “(A) consider”; and

15 (3) by striking “428C(b)(1)(E).” and inserting
16 the following: “428C(b)(1)(E); and

17 “(B) beginning as soon as the Secretary
18 determines practicable after the Secretary final-
19 izes the procedures under section 498 of the
20 PROSPER Act, but not later than 2 years
21 after the date of enactment of such Act, carry
22 out, with respect to borrowers of any covered
23 loan (as defined in section 455(d)(10)), proce-
24 dures for income-based repayment plans under
25 this section that are equivalent to the proce-

1 dures carried out under section 455(e)(8) with
2 respect to income contingent repayment plans.”;
3 and

4 (4) by adding at the end the following:

5 “(f) INCOME-BASED REPAYMENT FOR NEW LOANS
6 ON AND AFTER JULY 1, 2018, AND FOR BORROWERS
7 WHO ENTER IBR AFTER JULY 1, 2018.—

8 “(1) IN GENERAL.—The income-based repay-
9 ment plan shall be carried out in accordance with
10 this section, except as otherwise specified in this
11 subsection (including through the special terms de-
12 scribed in paragraph (2))—

13 “(A) with respect to any loan issued on or
14 after July 1, 2018, if such borrower elects the
15 income-based repayment plan for that loan; and

16 “(B) with respect to any borrower who is
17 repaying a loan made, insured, or guaranteed
18 under part B or D, if such borrower elects to
19 repay the loan under the income-based repay-
20 ment plan on or after July 1, 2018.

21 “(2) SPECIAL TERMS.—Notwithstanding any
22 other provision of this section, with respect to a loan
23 described under paragraph (1), the following terms
24 shall apply to the income-based repayment plan:

1 “(A)(i) Notwithstanding subsection
2 (a)(3)(B), the repayment amount under this
3 subsection shall be an amount equal to 10 per-
4 cent of the result obtained by calculating, on at
5 least an annual basis, the amount by which—

6 “(I) the borrower’s, and the bor-
7 rower’s spouse’s (if applicable); ex-
8 ceeds

9 “(II) the applicable percentage of
10 the poverty line in accordance with
11 clause (ii) that is applicable to the
12 borrower’s family size as determined
13 under section 673(2) of the Commu-
14 nity Services Block Grant Act (42
15 U.S.C. 9902(2)).

16 “(ii) For purposes of clause (i), the
17 term ‘applicable percentage’ means 150
18 percent reduced by 1 percentage point for
19 each \$1,000 by which the borrower’s ad-
20 justed gross income exceeds \$120,000.

21 “(B) Subsection (b)(7)(B) shall be applied
22 by substituting ‘20 years’ for ‘25 years’.

23 “(C) A borrower of such a loan shall not
24 be required to have a partial financial hardship
25 and may elect, and remain enrolled in, the in-

1 come-based repayment plan under this sub-
2 section regardless of income level.

3 “(D) Subparagraph (A) of subsection
4 (b)(6) shall not apply and a borrower’s monthly
5 payment shall be determined in accordance with
6 subparagraph (A) divided by 12, which may ex-
7 ceed the monthly repayment amount under a
8 standard 10-year repayment plan or a fixed re-
9 payment plan described in section 493E.

10 “(E) Subparagraph (B) of subsection
11 (b)(3) shall not apply.

12 “(3) ADDITIONAL SPECIAL TERMS FOR CER-
13 TAIN BORROWERS.—A borrower described in para-
14 graph (1)(B)—

15 “(A) may choose to retain the repayment
16 plan in which the borrower is enrolled on June
17 30, 2018;

18 “(B) may elect to—

19 “(i) leave the repayment plan de-
20 scribed in subparagraph (A) and enter the
21 income-based repayment plan under this
22 subsection; or

23 “(ii) leave the repayment plan de-
24 scribed in subparagraph (A) and enter a

1 fixed repayment plan described in section
2 493E;

3 “(C) after electing to leave a repayment
4 plan other than an income-based repayment
5 plan described under this subsection or the
6 fixed repayment plan described in section 493E,
7 shall not be permitted to re-elect a repayment
8 plan that is not an income-based repayment
9 plan under this subsection or a fixed repayment
10 plan described in section 493E; and

11 “(D) shall retain, for purposes of repay-
12 ment or cancellation of any outstanding balance
13 of principal and interest due on a loan (as de-
14 scribed in subsection (b)(7)) any years of repay-
15 ment under another income-based or income
16 contingent repayment plan under this title.

17 “(4) CAP ON INTEREST ACCRUAL.—Notwith-
18 standing any other provision of this Act, the total
19 amount of interest that accrues during a borrower’s
20 grace period and the time that a borrower is in re-
21 payment under this subsection shall not exceed 50
22 percent of the original principal amount of the
23 loan.”.

After section 494E, as so redesignated, insert the
following:

1 **SEC. 494F. FIXED REPAYMENT PLAN.**

2 Part G of title IV (20 U.S.C. 1088 et seq.) is further
3 amended by adding at the end the following:

4 **“SEC. 493E. FIXED REPAYMENT PLAN.**

5 “(a) IN GENERAL.—A borrower of a loan made under
6 this part on or after July 1, 2018, and a borrower who
7 is in repayment on a loan made under part B or part D
8 before July 1, 2018, may elect to repay such loan under
9 the fixed repayment plan described in this section.

10 “(b) FIXED REPAYMENT PLAN.—Under the fixed re-
11 payment plan, a borrower with a total Federal student
12 loan debt amount that—

13 “(1) is equal to or less than \$20,000, shall
14 repay each loan described in subsection (a) with a
15 fixed monthly repayment amount paid over a period
16 of 10 years;

17 “(2) is more than \$20,000 and less than
18 \$30,000, shall repay each loan described in sub-
19 section (a) with a fixed monthly repayment amount
20 paid over a period of—

21 “(A) 15 years; or

22 “(B) the period described in paragraph
23 (1), if the borrower chooses;

24 “(3) is equal to or greater than \$30,000, and
25 less than \$40,000, shall repay each loan described in

1 subsection (a) with a fixed monthly repayment
2 amount paid over a period of—

3 “(A) 20 years; or

4 “(B) the period described in paragraph (1)
5 or (2), if the borrower chooses; and

6 “(4) is equal to or greater than \$40,000, shall
7 repay each loan described in subsection (a) with a
8 fixed monthly repayment amount paid over a period
9 of—

10 “(A) 25 years; or

11 “(B) the period described in any of para-
12 graphs (1) through (3), if the borrower choos-
13 es.”.

At the end of title IV, add the following:

14 **PART I—STUDY AND PROCEDURES ON**
15 **DETERMINING FAMILY SIZE**

16 **SEC. 498. STUDY AND PROCEDURES ON DETERMINING FAM-**
17 **ILY SIZE.**

18 (a) IN GENERAL.—Not later than 1 year after the
19 date of enactment of this Act, the Secretary of Education
20 shall—

21 (1) conduct, in consultation with the Secretary
22 of the Treasury, a study which meets the specifica-
23 tions described in subsection (b), on the effect of
24 using data from the Internal Revenue Service on the

1 deduction for personal exemptions provided by sec-
2 tion 151 of the Internal Revenue Code of 1986 for
3 a proxy for family size in an income-driven repay-
4 ment plan, and publish such study in the Federal
5 Register;

6 (2) use the results of the study conducted under
7 paragraph (1) to develop procedures for determining
8 family size for the automatic recertification of in-
9 come for an income-driven repayment plan in a man-
10 ner that minimizes burdens and unintended harm to
11 borrowers;

12 (3) publish the procedures developed under
13 paragraph (2) in the Federal Register; and

14 (4) after a notice and comment period on such
15 procedures, use such comments to finalize the proce-
16 dures.

17 (b) SPECIFICATIONS.—The study conducted under
18 subsection (a)(1) shall—

19 (1) determine how closely such personal exemp-
20 tions match the family size that borrowers report on
21 their income-driven repayment plan request form;

22 (2) compare the borrower's actual monthly pay-
23 ment amount with the monthly payment amount
24 borrowers would have using family size information
25 derived from tax returns; and

1 (3) use data from more than one year, where
2 possible, to analyze how much family size changes
3 over time.

4 (c) DEFINITION.—The term “the income-driven re-
5 payment plan” means a plan described in subparagraph
6 (D) or (E) of section 455(d)(1) of the Higher Education
7 Act of 1965 (20 U.S.C. 1087e(d)(1)) and the income-
8 based repayment plan under section 493C(f) of such Act
9 (20 U.S.C. 1098e(f)), as added by section 494C(4) of this
10 Act.

11 **SEC. 499. LONGITUDINAL STUDY ON THE EFFECTIVENESS**
12 **OF STUDENT LOAN COUNSELING.**

13 (a) IN GENERAL.—Not later than 1 year after the
14 date of enactment of this Act, the Secretary of Education,
15 acting through the Director of the Institute of Education
16 Sciences, shall begin conducting a rigorous, longitudinal
17 study of the impact and effectiveness of the student loan
18 counseling—

19 (1) provided under subsections (b), (l), and (n)
20 of section 485 of the Higher Education Act of 1965
21 (20 U.S.C. 1092), as amended by this Act; and

22 (2) provided through such other means as the
23 Secretary of Education may determine.

24 (b) CONTENTS.—

1 (1) BORROWER INFORMATION.—The longitu-
2 dinal study carried out under subsection (a) shall in-
3 clude borrower information, in the aggregate and
4 disaggregated by race, ethnicity, gender, income,
5 status as an individual with a disability, and first
6 generation college student (defined in section
7 402A(h)(3) of the Higher Education Act of 1965),
8 on—

9 (A) student persistence;

10 (B) degree attainment;

11 (C) program completion;

12 (D) successful entry into student loan re-
13 payment;

14 (E) cumulative borrowing levels; and

15 (F) such other factors as the Secretary of
16 Education may determine.

17 (2) EXCEPTION.—The disaggregation under
18 paragraph (1) shall not be required in a case in
19 which the number of borrowers in a category is in-
20 sufficient to yield statistically reliable information or
21 the results would reveal personally identifiable infor-
22 mation about an individual borrower.

23 (c) INTERIM REPORTS.—Not later than 18 months
24 after the commencement of the study under subsection
25 (a), and annually thereafter, the Secretary of Education

- 1 shall evaluate the progress of the study and report any
- 2 short-term findings to the appropriate committees of Con-
- 3 gress.

