

Managers' Amendment

AMENDMENT NO. _____ Calendar No. _____

Purpose: To provide a complete substitute.

IN THE SENATE OF THE UNITED STATES—110th Cong., 1st Sess.

S. _____

To establish requirements for private lenders to protect student borrowers receiving private educational loans.

Referred to the Committee on _____ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by Mr. DODD (for himself and Mr. SHELBY)

Viz:

1 Strike all after the enacting clause and insert the fol-
2 lowing:

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Private Student Loan Transparency and Improvement
6 Act of 2007”.

7 (b) **TABLE OF CONTENTS.**—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.
 Sec. 3. Regulations.
 Sec. 4. Effective dates.

TITLE I—PREVENTING UNFAIR AND DECEPTIVE PRIVATE EDUCATIONAL LENDING PRACTICES AND ELIMINATING CONFLICTS OF INTEREST

Sec. 101. Amendment to the Truth in Lending Act.
 Sec. 102. Civil liability.
 Sec. 103. Clerical amendment.

TITLE II—IMPROVED DISCLOSURES FOR PRIVATE EDUCATIONAL LOANS

Sec. 201. Private educational loan disclosures and limitations.
 Sec. 202. Application of Truth in Lending Act to all private educational loans.

TITLE III—COLLEGE AFFORDABILITY

Sec. 301. Community Reinvestment Act credit for low-cost loans.

TITLE IV—FINANCIAL LITERACY

Sec. 401. Coordinated education efforts.

TITLE V—STUDY AND REPORT ON NONINDIVIDUAL INFORMATION

Sec. 501. Study and report on nonindividual information.

1 **SEC. 2. DEFINITIONS.**

2 As used in this Act—

3 (1) the term “Board” means the Board of Gov-
 4 ernors of the Federal Reserve System;

5 (2) the term “covered educational institu-
 6 tion”—

7 (A) means any educational institution that
 8 offers a postsecondary educational degree, cer-
 9 tificate, or program of study (including any in-
 10 stitution of higher education); and

11 (B) includes an agent or employee of the
 12 educational institution;

1 (3) the terms “Federal banking agencies” and
2 “appropriate Federal banking agency” have the
3 same meanings as in section 3 of the Federal De-
4 posit Insurance Act (12 U.S.C. 1813);

5 (4) the term “institution of higher education”
6 has the same meaning as in section 102 of the High-
7 er Education Act of 1965 (20 U.S.C. 1002);

8 (5) the term “postsecondary educational ex-
9 penses” means any of the expenses that are included
10 as part of the cost of attendance of a student, as de-
11 fined under section 472 of the Higher Education Act
12 of 1965 (20 U.S.C. 1087ll);

13 (6) the term “private educational lender”
14 means—

15 (A) a financial institution, as defined in
16 section 3 of the Federal Deposit Insurance Act
17 (12 U.S.C. 1813) that solicits, makes, or ex-
18 tends private educational loans;

19 (B) a Federal credit union, as defined in
20 section 101 of the Federal Credit Union Act
21 (12 U.S.C. 1752) that solicits, makes, or ex-
22 tends private educational loans; and

23 (C) any other person engaged in the busi-
24 ness of soliciting, making, or extending private
25 educational loans; and

1 (7) the term “private educational loan”—

2 (A) means a loan provided by a private
3 educational lender that—

4 (i) is not made, insured, or guaran-
5 teed under part B of title IV of the Higher
6 Education Act of 1965 (20 U.S.C. 1070 et
7 seq.); and

8 (ii) is issued by a private educational
9 lender expressly for postsecondary edu-
10 cational expenses to a borrower, regardless
11 of whether the loan is provided through the
12 educational institution that the subject stu-
13 dent attends or directly to the borrower
14 from the lender; and

15 (B) does not include an extension of credit
16 under an open end consumer credit plan, a resi-
17 dential mortgage transaction (as those terms
18 are defined in section 103 of the Truth in
19 Lending Act), or any other loan that is secured
20 by real property or a dwelling.

21 **SEC. 3. REGULATIONS.**

22 The Board shall issue final regulations to implement
23 this Act and the amendments made by this Act not later
24 than 180 days after the date of enactment of this Act.

1 **SEC. 4. EFFECTIVE DATES.**

2 This Act and the amendments made by this Act shall
3 become effective 180 days after the date on which regula-
4 tions to carry out this Act and the amendments made by
5 this Act are issued in final form.

6 **TITLE I—PREVENTING UNFAIR**
7 **AND DECEPTIVE PRIVATE**
8 **EDUCATIONAL LENDING**
9 **PRACTICES AND ELIMI-**
10 **NATING CONFLICTS OF IN-**
11 **TEREST**

12 **SEC. 101. AMENDMENT TO THE TRUTH IN LENDING ACT.**

13 Chapter 2 of the Truth in Lending Act (15 U.S.C.
14 1631 et seq.) is amended by adding at the end the fol-
15 lowing new section:

16 **“§ 140. Preventing unfair and deceptive private edu-**
17 **cational lending practices and elimi-**
18 **nating conflicts of interest**

19 “(a) DEFINITIONS.—As used in this section—

20 “(1) the term ‘covered educational institu-
21 tion’—

22 “(A) means any educational institution
23 that offers a postsecondary educational degree,
24 certificate, or program of study (including any
25 institution of higher education); and

1 “(B) includes an agent or employee of the
2 educational institution;

3 “(2) the term ‘gift’—

4 “(A) means any gratuity, favor, discount,
5 entertainment, hospitality, loan, or other item
6 having a monetary value of more than \$10, in-
7 cluding a gift of services, transportation, lodg-
8 ing, or meals, whether provided in kind, by pur-
9 chase of a ticket, payment in advance, or reim-
10 bursement after the expense has been incurred;
11 and

12 “(B) does not include—

13 “(i) standard informational material
14 related to a loan (such as a brochure);

15 “(ii) food, refreshments, training, or
16 informational material furnished to an em-
17 ployee or agent of a covered educational in-
18 stitution, as an integral part of a training
19 session or through participation in an advi-
20 sory council that is designed to improve
21 the service of the lender to the covered
22 educational institution, if such training or
23 participation contributes to the profes-
24 sional development of the employee or

1 agent of the covered educational institu-
2 tion; or

3 “(iii) favorable terms, conditions, and
4 borrower benefits on an educational loan
5 provided to a student employed by the cov-
6 ered educational institution;

7 “(3) the term ‘institution of higher education’
8 has the same meaning as in section 102 of the High-
9 er Education Act of 1965 (20 U.S.C. 1002);

10 “(4) the term ‘postsecondary educational ex-
11 penses’ means any of the expenses that are included
12 as part of the cost of attendance of a student, as de-
13 fined under section 472 of the Higher Education Act
14 of 1965 (20 U.S.C. 10871l);

15 “(5) the term ‘private educational lender’
16 means—

17 “(A) a financial institution, as defined in
18 section 3 of the Federal Deposit Insurance Act
19 (12 U.S.C. 1813) that solicits, makes, or ex-
20 tends private educational loans;

21 “(B) a Federal credit union, as defined in
22 section 101 of the Federal Credit Union Act
23 (12 U.S.C. 1752) that solicits, makes, or ex-
24 tends private educational loans; and

1 “(C) any other person engaged in the busi-
2 ness of soliciting, making, or extending private
3 educational loans;

4 “(6) the term ‘private educational loan’—

5 “(A) means a loan provided by a private
6 educational lender that—

7 “(i) is not made, insured, or guaran-
8 teed under part B of title IV of the Higher
9 Education Act of 1965 (20 U.S.C. 1070 et
10 seq.); and

11 “(ii) is issued by a private educational
12 lender expressly for postsecondary edu-
13 cational expenses to a borrower, regardless
14 of whether the loan is provided through the
15 educational institution that the subject stu-
16 dent attends or directly to the borrower
17 from the lender; and

18 “(B) does not include an extension of cred-
19 it under an open end consumer credit plan, a
20 residential mortgage transaction, or any other
21 loan that is secured by real property or a dwell-
22 ing; and

23 “(7) the term ‘revenue sharing’ means an ar-
24 rangement between a covered educational institution
25 and a private educational lender under which—

1 “(A) a private educational lender provides
2 or issues private educational loans to students
3 attending the covered educational institution or
4 to the parents of such students;

5 “(B) the covered educational institution
6 recommends to students or others the private
7 educational lender or the private educational
8 loans of the private educational lender; and

9 “(C) the private educational lender pays a
10 fee or provides other material benefits, includ-
11 ing profit or revenue sharing, to the covered
12 educational institution or to the officers, em-
13 ployees, or agents of the covered educational in-
14 stitution in connection with the private edu-
15 cational loans provided to students attending
16 the covered educational institution or a bor-
17 rower acting on behalf of a student.

18 “(b) PROHIBITION ON CERTAIN GIFTS AND AR-
19 RANGEMENTS.—A private educational lender, including
20 any officer or employee thereof, may not, directly or indi-
21 rectly—

22 “(1) offer or provide any gift to a covered edu-
23 cational institution or a covered educational institu-
24 tion employee, nor may such covered educational in-
25 stitution, officer, or employee receive any such gift,

1 in exchange for any advantage or consideration pro-
2 vided to such private educational lender related to
3 its private educational loan activities; or

4 “(2) engage in revenue sharing with a covered
5 educational institution.

6 “(c) PROHIBITION ON CO-BRANDING.—A private
7 educational lender may not use the name, emblem, mascot,
8 or logo of the covered educational institution, or other
9 words, pictures, or symbols readily identified with the cov-
10 ered educational institution, in the marketing of private
11 educational loans in any way that implies that the covered
12 educational institution endorses the private educational
13 loans offered by the lender.

14 “(d) ADVISORY BOARD COMPENSATION.—Any per-
15 son who is employed in the financial aid office of a covered
16 educational institution, or who otherwise has responsibil-
17 ities with respect to private educational loans or other fi-
18 nancial aid of the institution, and who serves on an advi-
19 sory board, commission, or group established by a private
20 educational lender or group of such lenders shall be pro-
21 hibited from receiving anything of value from the private
22 educational lender or group of lenders. Nothing in this
23 subsection shall prohibit the reimbursement of reasonable
24 expenses incurred by an employee of a covered educational
25 institution as part of their service on an advisory board,

1 commission, or group described in this subsection, subject
2 to the rules of the Board.

3 “(e) PROHIBITION ON PREPAYMENT OR REPAYMENT
4 FEES OR PENALTY.—It shall be unlawful for any private
5 educational lender to impose a fee or penalty on a bor-
6 rower, directly or indirectly, for early repayment or pre-
7 payment, of any private educational loan.”.

8 **SEC. 102. CIVIL LIABILITY.**

9 Section 130 of the Truth in Lending Act (15 U.S.C.
10 1640) is amended—

11 (1) in subsection (a)—

12 (A) in paragraph (3), by inserting “or sec-
13 tion 128(e)(6)” after “section 125”; and

14 (B) in the fourth sentence of the undesignated
15 matter at the end—

16 (i) by striking “125 or” and
17 inserting “125,”; and

18 (ii) by inserting “or of section
19 128(e),” before “or for failing”; and

20 (2) in subsection (e), by inserting before the
21 first period, the following: “or, in the case of a viola-
22 tion involving a private educational loan, 1 year
23 from the date on which the first regular payment of
24 principal is due under the loan”.

1 **SEC. 103. CLERICAL AMENDMENT.**

2 The table of sections for chapter 2 of title I of the
3 Truth in Lending Act (15 U.S.C. 1631 et seq.) is amended
4 by adding at the end the following:

“140. Preventing unfair and deceptive private educational lending practices and
eliminating conflicts of interest.”.

5 **TITLE II—IMPROVED DISCLO-**
6 **SURES FOR PRIVATE EDU-**
7 **CATIONAL LOANS**

8 **SEC. 201. PRIVATE EDUCATIONAL LOAN DISCLOSURES AND**
9 **LIMITATIONS.**

10 Section 128 of the Truth in Lending Act (15 U.S.C.
11 1638) is amended by adding at the end the following:

12 “(e) **TERMS AND DISCLOSURE WITH RESPECT TO**
13 **PRIVATE EDUCATIONAL LOANS.—**

14 “(1) **DISCLOSURES REQUIRED IN PRIVATE EDU-**
15 **CATIONAL LOAN APPLICATIONS AND SOLICITA-**
16 **TIONS.—**In any application for a private educational
17 loan, or a solicitation for a private educational loan
18 without requiring an application, the lender shall
19 disclose to the borrower, clearly and conspicuously—

20 “(A) the potential range of rates of inter-
21 est applicable to the private educational loan;

22 “(B) whether the rate of interest applica-
23 ble to the private educational loan is fixed or
24 variable;

1 “(C) limitations on interest rate adjust-
2 ments, both in terms of frequency and amount,
3 or the lack thereof;

4 “(D) requirements for a co-borrower, in-
5 cluding any changes in the applicable interest
6 rates without a co-borrower;

7 “(E) potential finance charges, late fees,
8 penalties, and adjustments to principal, based
9 on defaults or late payments of the borrower;

10 “(F) fees or range of fees applicable to the
11 private educational loan;

12 “(G) the term of the private educational
13 loan;

14 “(H) whether interest will accrue while the
15 student to whom the private educational loan
16 relates is enrolled at an institution of higher
17 education;

18 “(I) payment deferral options, including
19 whether the deferment would apply to interest
20 or principal, or both;

21 “(J) general eligibility criteria for the pri-
22 vate educational loan;

23 “(K) an example of the total cost of the
24 private educational loan over the life of the
25 loan—

1 “(i) which shall be calculated using
2 the principal amount and the maximum
3 rate of interest actually offered by the
4 lender; and

5 “(ii) calculated both with and without
6 capitalization of interest, if that is an op-
7 tion for postponing interest payments;

8 “(L) a statement that an institution of
9 higher education may have school-specific edu-
10 cational loan benefits and terms not detailed on
11 the disclosure form;

12 “(M) that the borrower may qualify for
13 Federal financial assistance through a program
14 under title IV of the Higher Education Act of
15 1965, in lieu of, or in addition to, a loan from
16 a non-Federal source;

17 “(N) the interest rates available with re-
18 spect to such Federal financial assistance
19 through a program under title IV of the Higher
20 Education Act of 1965;

21 “(O) that, as provided in paragraph (5)—

22 “(i) the borrower shall have up to 30
23 calendar days following the date on which
24 the application for the private educational
25 loan is approved and the borrower receives

1 the disclosure documents required under
2 this subsection for the loan to accept the
3 terms of the private educational loan and
4 consummate the transaction; and

5 “(ii) except for changes based on ad-
6 justments to the index used for a loan, the
7 rates and terms of the loan may not be
8 changed by the lender during that 30-day
9 period; and

10 “(P) such other information as the Board
11 shall prescribe, by rule, as necessary or appro-
12 priate for consumers to make informed bor-
13 rowing decisions.

14 “(2) DISCLOSURES AT THE TIME OF PRIVATE
15 EDUCATIONAL LOAN APPROVAL.—Subject to the
16 rules of the Board, contemporaneously with the ap-
17 proval of a private educational loan application, and
18 before the loan transaction is consummated, the
19 lender shall disclose to the borrower, clearly and
20 conspicuously—

21 “(A) the applicable rate of interest in ef-
22 fect on the date of approval;

23 “(B) whether the rate of interest applica-
24 ble to the private educational loan is fixed or
25 variable;

1 “(C) limitations on interest rate adjust-
2 ments, both in terms of frequency and amount,
3 or the lack thereof;

4 “(D) the initial approved principal amount;

5 “(E) applicable finance charges, late fees,
6 penalties, and adjustments to principal, based
7 upon borrower defaults or late payments;

8 “(F) the maximum term under the private
9 educational loan program;

10 “(G) an estimate of the total amount for
11 repayment, at both the interest rate in effect on
12 the date of approval and at the maximum pos-
13 sible rate of interest actually offered by the
14 lender, to the extent that such maximum rate
15 may be determined, or if not, a good faith esti-
16 mate thereof;

17 “(H) any principal and interest payments
18 required while the student to whom the private
19 educational loan relates is enrolled at an insti-
20 tution of higher education and interest which
21 will accrue during such enrollment;

22 “(I) payment deferral options, including
23 whether the deferment would apply to interest
24 or principal, or both;

1 “(J) whether monthly payments are grad-
2 uated;

3 “(K) that, as provided in paragraph (5)—

4 “(i) the borrower shall have up to 30
5 calendar days following the date on which
6 the application for the private educational
7 loan is approved and the borrower receives
8 the disclosure documents required under
9 this subsection for the loan to accept the
10 terms of the private educational loan and
11 consummate the transaction; and

12 “(ii) except for changes based on ad-
13 justments to the index used for a loan, the
14 rates and terms of the loan may not be
15 changed by the lender during that 30-day
16 period;

17 “(L) that the borrower may qualify for
18 Federal financial assistance through a program
19 under title IV of the Higher Education Act of
20 1965, in lieu of, or in addition to, a loan from
21 a non-Federal source;

22 “(M) the interest rates available with re-
23 spect to such Federal financial assistance
24 through a program under title IV of the Higher
25 Education Act of 1965;

1 “(N) the maximum monthly payment, cal-
2 culated using the maximum rate of interest ac-
3 tually offered by the lender, to the extent that
4 such maximum rate may be determined, or if
5 not, a good faith estimate thereof; and

6 “(O) such other information as the Board
7 shall prescribe, by rule, as necessary or appro-
8 priate for consumers to make informed bor-
9 rowing decisions.

10 “(3) DISCLOSURES AT THE TIME OF PRIVATE
11 EDUCATIONAL LOAN CONSUMMATION.—Subject to
12 the rules of the Board, contemporaneously with the
13 consummation of a private educational loan, the
14 lender shall make each of the disclosures described
15 in subparagraphs (A) through (J) and (L) through
16 (O) of paragraph (2) to the borrower.

17 “(4) FORMAT OF DISCLOSURES.—Disclosures
18 required under paragraphs (1), (2), and (3) shall ap-
19 pear in a clearly legible, uniform format, subject to
20 section 122(c).

21 “(5) EFFECTIVE PERIOD OF APPROVED RATE
22 OF INTEREST AND LOAN TERMS.—

23 “(A) IN GENERAL.—With respect to a pri-
24 vate educational loan, the borrower shall have
25 the right to accept the terms of the loan and

1 consummate the transaction at any time within
2 30 calendar days following the date on which
3 the application for the private educational loan
4 is approved and the borrower receives the dis-
5 closure documents required under this sub-
6 section for the loan, and the rates and terms of
7 the loan may not be changed by the lender dur-
8 ing that period, subject to the rules of the
9 Board.

10 “(B) PROHIBITION ON CHANGES.—Except
11 for changes based on adjustments to the index
12 used for a loan, the rates and terms of the loan
13 may not be changed by the lender prior to the
14 earlier of—

15 “(i) the date of acceptance of the
16 terms of the loan and consummation of the
17 transaction by the borrower, as described
18 in subparagraph (A); or

19 “(ii) the expiration of the 30-day pe-
20 riod referred to in subparagraph (A).

21 “(C) PROHIBITION ON DISBURSEMENT.—
22 No funds may be disbursed with respect to a
23 private educational loan until acceptance of the
24 loan by the borrower under subparagraph (A)

1 and the expiration of the 3-day period under
2 paragraph (6).

3 “(6) RIGHT TO CANCEL.—With respect to a
4 private educational loan, the borrower may cancel
5 the loan, without penalty to the borrower, at any
6 time within 3 business days of the date on which the
7 loan is consummated, subject to the rules of the
8 Board. No funds may be transferred to the borrower
9 during that 3-day period.

10 “(7) DEFINITIONS.—For purposes of this sub-
11 section—

12 “(A) the term ‘institution of higher edu-
13 cation’ has the same meaning as in section 102
14 of the Higher Education Act of 1965 (20
15 U.S.C. 1002);

16 “(B) the term ‘private educational lender’
17 means—

18 “(i) a financial institution, as defined
19 in section 3 of the Federal Deposit Insur-
20 ance Act (12 U.S.C. 1813) that solicits,
21 makes, or extends private educational
22 loans;

23 “(ii) a Federal credit union, as de-
24 fined in section 101 of the Federal Credit
25 Union Act (12 U.S.C. 1752) that solicits,

1 makes, or extends private educational
2 loans; and

3 “(iii) any other person engaged in the
4 business of soliciting, making, or extending
5 private educational loans; and

6 “(C) the term ‘private educational loan’—

7 “(i) means a loan provided by a pri-
8 vate educational lender that—

9 “(I) is not made, insured, or
10 guaranteed under part B of title IV of
11 the Higher Education Act of 1965 (20
12 U.S.C. 1070 et seq.); and

13 “(II) is issued by a private edu-
14 cational lender expressly for postsec-
15 ondary educational expenses to a bor-
16 rower, regardless of whether the loan
17 is provided through the educational
18 institution that the subject student at-
19 tends or directly to the borrower from
20 the lender; and

21 “(ii) does not include an extension of
22 credit under an open end consumer credit
23 plan, a residential mortgage transaction, or
24 any other loan that is secured by real
25 property or a dwelling.”.

1 **SEC. 202. APPLICATION OF TRUTH IN LENDING ACT TO ALL**
2 **PRIVATE EDUCATIONAL LOANS.**

3 Section 104(3) of the Truth in Lending Act (15
4 U.S.C. 1603(3)) is amended by inserting “and other than
5 private educational loans (as that term is defined in sec-
6 tion 140(a))” after “consumer”.

7 **TITLE III—COLLEGE**
8 **AFFORDABILITY**

9 **SEC. 301. COMMUNITY REINVESTMENT ACT CREDIT FOR**
10 **LOW-COST LOANS.**

11 (a) IN GENERAL.—The appropriate Federal financial
12 supervisory agency shall give a private educational lender
13 credit toward meeting the credit needs of its community
14 for purposes of the Community Reinvestment Act of 1977,
15 for making low-cost private educational loans to low-in-
16 come borrowers.

17 (b) REGULATIONS.—The Board shall develop regula-
18 tions determining which private educational loans are
19 available for the credit under this section.

20 (c) DEFINITION.—As used in this section, the term
21 “appropriate Federal financial supervisory agency” has
22 the same meaning as in section 803 of the Community
23 Reinvestment Act of 1977 (12 U.S.C. 2902).

1 **TITLE IV—FINANCIAL LITERACY**

2 **SEC. 401. COORDINATED EDUCATION EFFORTS.**

3 (a) IN GENERAL.—The Secretary of the Treasury (in
4 this section referred to as the “Secretary”), in coordina-
5 tion with the Secretary of Education, the Secretary of Ag-
6 riculture (with respect to land grant covered educational
7 institutions), and any other appropriate agency that is a
8 member of the Financial Literacy and Education Commis-
9 sion established under the Financial Literacy and Edu-
10 cation Improvement Act (20 U.S.C. 9701 et seq.), shall
11 seek to enhance financial literacy among students at insti-
12 tutions of higher education through—

13 (1) the development of initiatives, programs,
14 and curricula that improve student awareness of the
15 short- and long-term costs associated with edu-
16 cational loans and other debt assumed while in col-
17 lege, their repayment obligations, and their rights as
18 borrowers; and

19 (2) assisting such students in navigating the fi-
20 nancial aid process.

21 (b) DUTIES.—For purposes of this section, the Sec-
22 retary, working in conjunction with the Secretary of Edu-
23 cation, the Secretary of Agriculture, and the Financial
24 Literacy and Education Commission, shall—

1 (1) identify programs that promote or enhance
2 financial literacy for college students, with specific
3 emphasis on programs that impart the knowledge
4 and ability for students to best navigate the finan-
5 cial aid process, including those that involve partner-
6 ships between nonprofit organizations, colleges and
7 universities, State and local governments, and stu-
8 dent organizations;

9 (2) evaluate the effectiveness of such programs
10 in terms of measured results, including positive be-
11 havioral change among college students;

12 (3) promote the programs identified as being
13 the most effective; and

14 (4) encourage institutions of higher education
15 to implement financial education programs for their
16 students, including those that have the highest eval-
17 uations.

18 (c) REPORT.—

19 (1) IN GENERAL.—Not later than 2 years after
20 the date of enactment of this Act, the Financial Lit-
21 eracy and Education Commission shall submit a re-
22 port to Congress on the state of financial education
23 among students at institutions of higher education.

24 (2) CONTENT.—The report required by this
25 subsection shall include a description of progress

1 made in enhancing financial education with respect
2 to student understanding of financial aid, including
3 the programs and evaluations required by this sec-
4 tion.

5 (3) APPEARANCE BEFORE CONGRESS.—The
6 Secretary shall, upon request, provide testimony be-
7 fore the Committee on Banking, Housing, and
8 Urban Affairs of the Senate concerning the report
9 required by this subsection.

10 **TITLE V—STUDY AND REPORT**
11 **ON NONINDIVIDUAL INFOR-**
12 **MATION**

13 **SEC. 501. STUDY AND REPORT ON NONINDIVIDUAL INFOR-**
14 **MATION.**

15 (a) STUDY.—The Comptroller General of the United
16 States (in this section referred to as the “Comptroller”)
17 conduct a study—

18 (1) on the impact on and benefits to borrowers
19 of the inclusion of nonindividual factors, including
20 cohort default rate, accreditation, and graduation
21 rate at institutions of higher education, used in the
22 underwriting criteria to determine the pricing of pri-
23 vate educational loans;

24 (2) to examine whether and to what extent the
25 inclusion of such nonindividual factors—

1 (A) increases access to private educational
2 loans for borrowers who lack credit history or
3 results in less favorable rates for such bor-
4 rowers; and

5 (B) impacts the types of private edu-
6 cational loan products and rates available at
7 certain institutions of higher education, includ-
8 ing a comparison of such impact—

9 (i) on private and public institutions;
10 and

11 (ii) on historically Black colleges and
12 universities (defined for purposes of this
13 section as a “part B institution”, within
14 the meaning of section 322 of the Higher
15 Education Act of 1965 (20 U.S.C. 1061))
16 and other colleges and universities; and

17 (3) to assess the extent to which the use of
18 such nonindividual factors in underwriting may have
19 a disparate impact on the pricing of private edu-
20 cational loans, based on gender, race, income level,
21 and institution of higher education.

22 (b) REPORT.—Not later than 1 year after the date
23 of enactment of this Act, the Comptroller shall submit a
24 report to Congress on the results of the study required
25 by this section.