

## Calendar No. 702

110TH CONGRESS  
2D SESSION**S. 2894****[Report No. 110-327]**

To establish requirements for private lenders to protect student borrowers receiving private educational loans, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

APRIL 21, 2008

Mr. DODD, from the Committee on Banking, Housing, and Urban Affairs, reported the following original bill; which was read twice and placed on the calendar

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**A BILL**

To establish requirements for private lenders to protect student borrowers receiving private educational loans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; 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”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 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.

3 **SEC. 2. DEFINITIONS.**

4 As used in this Act—

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

7 (2) the term “covered educational institu-  
 8 tion”—

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

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

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

7 (4) 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 (5) 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 (6) 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; and

4 (7) 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 credit  
19 under an open end consumer credit plan, a resi-  
20 dential mortgage transaction (as those terms  
21 are defined in section 103 of the Truth in  
22 Lending Act), or any other loan that is secured  
23 by real property or a dwelling.

1 **SEC. 3. REGULATIONS.**

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

5 **SEC. 4. EFFECTIVE DATES.**

6 This Act and the amendments made by this Act shall  
7 become effective 180 days after the date on which regula-  
8 tions to carry out this Act and the amendments made by  
9 this Act are issued in final form.

10 **TITLE I—PREVENTING UNFAIR**  
11 **AND DECEPTIVE PRIVATE**  
12 **EDUCATIONAL LENDING**  
13 **PRACTICES AND ELIMI-**  
14 **NATING CONFLICTS OF IN-**  
15 **TEREST**

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

17 Chapter 2 of the Truth in Lending Act (15 U.S.C.  
18 1631 et seq.) is amended by adding at the end the fol-  
19 lowing new section:

20 **“§ 140. Preventing unfair and deceptive private edu-**  
21 **cational lending practices and elimi-**  
22 **nating conflicts of interest**

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

24 **“(1) the term ‘covered educational institu-**  
25 **tion’—**

1           “(A) means any educational institution  
2 that offers a postsecondary educational degree,  
3 certificate, or program of study (including any  
4 institution of higher education); and

5           “(B) includes an agent or employee of the  
6 educational institution;

7           “(2) the term ‘gift’—

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

16           “(B) does not include—

17           “(i) standard informational material  
18 related to a loan (such as a brochure);

19           “(ii) food, refreshments, training, or  
20 informational material furnished to an em-  
21 ployee or agent of a covered educational in-  
22 stitution, as an integral part of a training  
23 session or through participation in an advi-  
24 sory council that is designed to improve  
25 the service of the lender to the covered

1 educational institution, if such training or  
2 participation contributes to the profes-  
3 sional development of the employee or  
4 agent of the covered educational institu-  
5 tion; or

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

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

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

18 “(5) the term ‘private educational lender’  
19 means—

20 “(A) a financial institution, as defined in  
21 section 3 of the Federal Deposit Insurance Act  
22 (12 U.S.C. 1813) that solicits, makes, or ex-  
23 tends private educational loans;

24 “(B) a Federal credit union, as defined in  
25 section 101 of the Federal Credit Union Act

1 (12 U.S.C. 1752) that solicits, makes, or ex-  
2 tends private educational loans; and

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

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

7 “(A) means a loan provided by a private  
8 educational lender that—

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

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

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

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

4                   “(A) a private educational lender provides  
5                   or issues private educational loans to students  
6                   attending the covered educational institution or  
7                   to the parents of such students;

8                   “(B) the covered educational institution  
9                   recommends to students or others the private  
10                  educational lender or the private educational  
11                  loans of the private educational lender; and

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

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

1           “(1) offer or provide any gift to a covered edu-  
2           cational institution or a covered educational institu-  
3           tion employee, nor may such covered educational in-  
4           stitution, officer, or employee receive any such gift,  
5           in exchange for any advantage or consideration pro-  
6           vided to such private educational lender related to  
7           its private educational loan activities; or

8           “(2) engage in revenue sharing with a covered  
9           educational institution.

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

18          “(d) ADVISORY BOARD COMPENSATION.—Any per-  
19         son who is employed in the financial aid office of a covered  
20         educational institution, or who otherwise has responsibil-  
21         ities with respect to private educational loans or other fi-  
22         nancial aid of the institution, and who serves on an advi-  
23         sory board, commission, or group established by a private  
24         educational lender or group of such lenders shall be pro-  
25         hibited from receiving anything of value from the private

1 educational lender or group of lenders. Nothing in this  
 2 subsection shall prohibit the reimbursement of reasonable  
 3 expenses incurred by an employee of a covered educational  
 4 institution as part of their service on an advisory board,  
 5 commission, or group described in this subsection, subject  
 6 to the rules of the Board.

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

12 **SEC. 102. CIVIL LIABILITY.**

13 Section 130 of the Truth in Lending Act (15 U.S.C.  
 14 1640) is amended—

15 (1) in subsection (a)—

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

18 (B) in the fourth sentence of the undesig-  
 19 nated matter at the end—

20 (i) by striking “125 or” and inserting  
 21 “125,”; and

22 (ii) by inserting “or of section  
 23 128(e),” before “or for failing”; and

24 (2) in subsection (e), by inserting before the  
 25 first period, the following: “or, in the case of a viola-

1       tion involving a private educational loan, 1 year  
 2       from the date on which the first regular payment of  
 3       principal is due under the loan”.

4   **SEC. 103. CLERICAL AMENDMENT.**

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

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

8   **TITLE II—IMPROVED DISCLO-**  
 9       **SURES FOR PRIVATE EDU-**  
 10    **CATIONAL LOANS**

11   **SEC. 201. PRIVATE EDUCATIONAL LOAN DISCLOSURES AND**  
 12        **LIMITATIONS.**

13       Section 128 of the Truth in Lending Act (15 U.S.C.  
 14   1638) is amended by adding at the end the following:

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

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

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

1           “(B) whether the rate of interest applica-  
2           ble to the private educational loan is fixed or  
3           variable;

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

7           “(D) requirements for a co-borrower, in-  
8           cluding any changes in the applicable interest  
9           rates without a co-borrower;

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

13          “(F) fees or range of fees applicable to the  
14          private educational loan;

15          “(G) the term of the private educational  
16          loan;

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

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

24          “(J) general eligibility criteria for the pri-  
25          vate educational loan;

1           “(K) an example of the total cost of the  
2 private educational loan over the life of the  
3 loan—

4                   “(i) which shall be calculated using  
5 the principal amount and the maximum  
6 rate of interest actually offered by the  
7 lender; and

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

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

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

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

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

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

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

14          “(P) such other information as the Board  
15          shall prescribe, by rule, as necessary or appro-  
16          priate for consumers to make informed bor-  
17          rowing decisions.

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

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

3           “(B) whether the rate of interest applica-  
4           ble to the private educational loan is fixed or  
5           variable;

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

9           “(D) the initial approved principal amount;

10          “(E) applicable finance charges, late fees,  
11          penalties, and adjustments to principal, based  
12          upon borrower defaults or late payments;

13          “(F) the maximum term under the private  
14          educational loan program;

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

22          “(H) any principal and interest payments  
23          required while the student to whom the private  
24          educational loan relates is enrolled at an insti-

1           tution of higher education and interest which  
2           will accrue during such enrollment;

3           “(I) payment deferral options, including  
4           whether the deferment would apply to interest  
5           or principal, or both;

6           “(J) whether monthly payments are grad-  
7           uated;

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

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

17          “(ii) except for changes based on ad-  
18          justments to the index used for a loan, the  
19          rates and terms of the loan may not be  
20          changed by the lender during that 30-day  
21          period;

22          “(L) that the borrower may qualify for  
23          Federal financial assistance through a program  
24          under title IV of the Higher Education Act of

1           1965, in lieu of, or in addition to, a loan from  
2           a non-Federal source;

3           “(M) the interest rates available with re-  
4           spect to such Federal financial assistance  
5           through a program under title IV of the Higher  
6           Education Act of 1965;

7           “(N) the maximum monthly payment, cal-  
8           culated using the maximum rate of interest ac-  
9           tually offered by the lender, to the extent that  
10          such maximum rate may be determined, or if  
11          not, a good faith estimate thereof; and

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

16          “(3) DISCLOSURES AT THE TIME OF PRIVATE  
17          EDUCATIONAL LOAN CONSUMMATION.—Subject to  
18          the rules of the Board, contemporaneously with the  
19          consummation of a private educational loan, the  
20          lender shall make each of the disclosures described  
21          in subparagraphs (A) through (J) and (L) through  
22          (O) of paragraph (2) to the borrower.

23          “(4) FORMAT OF DISCLOSURES.—Disclosures  
24          required under paragraphs (1), (2), and (3) shall ap-

1       pear in a clearly legible, uniform format, subject to  
2       section 122(c).

3               “(5) EFFECTIVE PERIOD OF APPROVED RATE  
4       OF INTEREST AND LOAN TERMS.—

5               “(A) IN GENERAL.—With respect to a pri-  
6       vate educational loan, the borrower shall have  
7       the right to accept the terms of the loan and  
8       consummate the transaction at any time within  
9       30 calendar days following the date on which  
10      the application for the private educational loan  
11      is approved and the borrower receives the dis-  
12      closure documents required under this sub-  
13      section for the loan, and the rates and terms of  
14      the loan may not be changed by the lender dur-  
15      ing that period, subject to the rules of the  
16      Board.

17              “(B) PROHIBITION ON CHANGES.—Except  
18      for changes based on adjustments to the index  
19      used for a loan, the rates and terms of the loan  
20      may not be changed by the lender prior to the  
21      earlier of—

22              “(i) the date of acceptance of the  
23      terms of the loan and consummation of the  
24      transaction by the borrower, as described  
25      in subparagraph (A); or

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

3                   “(C) PROHIBITION ON DISBURSEMENT.—

4                   No funds may be disbursed with respect to a  
5                   private educational loan until acceptance of the  
6                   loan by the borrower under subparagraph (A)  
7                   and the expiration of the 3-day period under  
8                   paragraph (6).

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

16                  “(7) DEFINITIONS.—For purposes of this sub-  
17                  section—

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

22                  “(B) the term ‘private educational lender’  
23                  means—

24                  “(i) a financial institution, as defined  
25                  in section 3 of the Federal Deposit Insur-

1           ance Act (12 U.S.C. 1813) that solicits,  
2           makes, or extends private educational  
3           loans;

4           “(ii) a Federal credit union, as de-  
5           fined in section 101 of the Federal Credit  
6           Union Act (12 U.S.C. 1752) that solicits,  
7           makes, or extends private educational  
8           loans; and

9           “(iii) any other person engaged in the  
10          business of soliciting, making, or extending  
11          private educational loans; and

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

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

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

19                       “(II) is issued by a private edu-  
20                       cational lender expressly for postsec-  
21                       ondary educational expenses to a bor-  
22                       rower, regardless of whether the loan  
23                       is provided through the educational  
24                       institution that the subject student at-

1 tends or directly to the borrower from  
2 the lender; and

3 “(ii) does not include an extension of  
4 credit under an open end consumer credit  
5 plan, a residential mortgage transaction, or  
6 any other loan that is secured by real  
7 property or a dwelling.”.

8 **SEC. 202. APPLICATION OF TRUTH IN LENDING ACT TO ALL**  
9 **PRIVATE EDUCATIONAL LOANS.**

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

14 **TITLE III—COLLEGE**  
15 **AFFORDABILITY**

16 **SEC. 301. COMMUNITY REINVESTMENT ACT CREDIT FOR**  
17 **LOW-COST LOANS.**

18 (a) IN GENERAL.—The appropriate Federal financial  
19 supervisory agency shall give a private educational lender  
20 credit toward meeting the credit needs of its community  
21 for purposes of the Community Reinvestment Act of 1977,  
22 for making low-cost private educational loans to low-in-  
23 come borrowers.

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

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

## 8 **TITLE IV—FINANCIAL LITERACY**

### 9 **SEC. 401. COORDINATED EDUCATION EFFORTS.**

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

20 (1) the development of initiatives, programs,  
 21 and curricula that improve student awareness of the  
 22 short- and long-term costs associated with edu-  
 23 cational loans and other debt assumed while in col-  
 24 lege, their repayment obligations, and their rights as  
 25 borrowers; and

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

3           (b) DUTIES.—For purposes of this section, the Sec-  
4           retary, working in conjunction with the Secretary of Edu-  
5           cation, the Secretary of Agriculture, and the Financial  
6           Literacy and Education Commission, shall—

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

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

18          (3) promote the programs identified as being  
19          the most effective; and

20          (4) encourage institutions of higher education  
21          to implement financial education programs for their  
22          students, including those that have the highest eval-  
23          uations.

24          (c) REPORT.—

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

6           (2) CONTENT.—The report required by this  
 7 subsection shall include a description of progress  
 8 made in enhancing financial education with respect  
 9 to student understanding of financial aid, including  
 10 the programs and evaluations required by this sec-  
 11 tion.

12           (3) APPEARANCE BEFORE CONGRESS.—The  
 13 Secretary shall, upon request, provide testimony be-  
 14 fore the Committee on Banking, Housing, and  
 15 Urban Affairs of the Senate concerning the report  
 16 required by this subsection.

17 **TITLE V—STUDY AND REPORT**  
 18 **ON NONINDIVIDUAL INFOR-**  
 19 **MATION**

20 **SEC. 501. STUDY AND REPORT ON NONINDIVIDUAL INFOR-**  
 21 **MATION.**

22           (a) STUDY.—The Comptroller General of the United  
 23 States (in this section referred to as the “Comptroller”)  
 24 conduct a study—

1           (1) on the impact on and benefits to borrowers  
2 of the inclusion of nonindividual factors, including  
3 cohort default rate, accreditation, and graduation  
4 rate at institutions of higher education, used in the  
5 underwriting criteria to determine the pricing of pri-  
6 vate educational loans;

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

9           (A) increases access to private educational  
10 loans for borrowers who lack credit history or  
11 results in less favorable rates for such bor-  
12 rowers; and

13           (B) impacts the types of private edu-  
14 cational loan products and rates available at  
15 certain institutions of higher education, includ-  
16 ing a comparison of such impact—

17           (i) on private and public institutions;  
18 and

19           (ii) on historically Black colleges and  
20 universities (defined for purposes of this  
21 section as a “part B institution”, within  
22 the meaning of section 322 of the Higher  
23 Education Act of 1965 (20 U.S.C. 1061))  
24 and other colleges and universities; and

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

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

Calendar No. 702

110<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**S. 2894**

[Report No. 110-327]

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**A BILL**

To establish requirements for private lenders to protect student borrowers receiving private educational loans, and for other purposes.

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APRIL 21, 2008

Read twice and placed on the calendar