any of the notes or other obligations acquired under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under the subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Secretary from such fund.


Codification

In subsec. (b), “chapter 31 of title 31” and “that chapter” substituted for “the Second Liberty Bond Act, as amended” and “that Act, as amended”, respectively, on authority of Pub. L. 97–258, § 4(b), Sept. 13, 1982, 96 Stat. 1067, the first section of which enacted Title 31, Money and Finance.

Prior Provisions


Amendments

1987—Subsec. (a). Pub. L. 100–50 substituted “section 1072 of this title” for “section 1072(a)(4)(C) of this title”.

Effective Date of 1987 Amendment


Federal Family Education Loan Insurance Fund

Pub. L. 105–244, title IV, § 494, Oct. 7, 1998, 112 Stat. 1711, provided that: “Any funds in the insurance fund, as established under section 431 of the Higher Education Act of 1965 (20 U.S.C. 1081), on the date of enactment of this Act (Oct. 7, 1998) shall be transferred to and deposited in the Treasury. All funds received by the Secretary of Education under subsection (a) of such section after the date of enactment of this Act shall be deposited into the fund in accordance with such subsection.”

Transfer of Assets and Liabilities of the Vocational Student Loan Insurance Fund

All assets and liabilities of the vocational student loan insurance fund transferred to the student loan insurance fund, see section 116(c)(2) of Pub. L. 90–575, set out as a note under former section 981 et seq. of this title.

§ 1082. Legal powers and responsibilities

(a) General powers

In the performance of, and with respect to, the functions, powers, and duties, vested in him by this part, the Secretary may—

(1) prescribe such regulations as may be necessary to carry out the purposes of this part, including regulations applicable to third party servicers (including regulations concerning financial responsibility standards for, and the assessment of liabilities for program violations against, such servicers) to establish minimum standards with respect to sound management and accountability of programs under this part, except that in no case shall damages be assessed against the United States for the actions or inactions of such servicers;

(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in that office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under the Secretary’s control and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 509, 517, 547, and 2679 of title 28;

(3) include in any contract for Federal loan insurance such terms, conditions, and covenants relating to repayment of principal and payment of interest, relating to the Secretary’s obligations and rights to those of eligible lenders, and borrowers in case of default, and relating to such other matters as the Secretary determines to be necessary to assure that the purposes of this part will be achieved; and any term, condition, and covenant made pursuant to this paragraph or pursuant to any other provision of this part may be modified by the Secretary, after notice and opportunity for a hearing, if the Secretary finds that the modification is necessary to protect the United States from the risk of unreasonable loss;

(4) subject to the specific limitations in this part, consent to modification, with respect to rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision of any note or other instrument evidencing a loan which has been insured by the Secretary under this part;

(5) enforce, pay, or compromise, any claim on, or arising because of, any such insurance or any guaranty agreement under section 1078(c) of this title; and

(6) enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption.

(b) Financial operations responsibilities

The Secretary shall, with respect to the financial operations arising by reason of this part prepare annually and submit a budget program as provided for wholly owned Government corporations by chapter 91 of title 31. The transactions of the Secretary, including the settlement of insurance claims and of claims for payments pursuant to section 1078 of this title, and transactions related thereto, are transactions of the United States as defined by section 1400; amended Pub. L. 100–50, § 10(w), June 3, 1987, 101 Stat. 346.)

The Secretary shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in that office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under the Secretary’s control and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 509, 517, 547, and 2679 of title 28;
tlemend of any claim under this subchapter and part C of subchapter I of chapter 34 of title 42 that exceeds $1,000,000 unless—

(1) the Secretary requests a review of the proposed settlement of such claim by the Attorney General; and

(2) the Attorney General responds to such request, which may include, at the Attorney General's discretion, a written opinion related to such proposed settlement.

d) Delegation

(1) Regional offices

The functions of the Secretary under this part listed in paragraph (2) of this subsection may be delegated to employees in the regional office of the Department.

(2) Delegable functions

The functions which may be delegated pursuant to this subsection are—

(A) reviewing applications for loan insurance under section 1079 of this title and issuing contracts for Federal loan insurance, certificates of insurance, and certificates of comprehensive insurance coverage to eligible lenders which are financial or credit institutions subject to examination and supervision by an agency of the United States or of any State;

(B) receiving claims for payments under section 1080(a) of this title, examining those claims, and pursuant to regulations of the Secretary, approving claims for payment, or requiring lenders to take additional collection action as a condition for payment of claims; and

(C) certifying to the central office when collection of defaulted loans has been completed, compromising or agreeing to the modification of any Federal claim against a borrower (pursuant to regulations of the Secretary issued under subsection (a) of this section), and recommending litigation with respect to any such claim.

(e) Use of information on borrowers

Notwithstanding any other provision of law, the Secretary may provide to eligible lenders, and to any guaranty agency having a guaranty agreement under section 1078(c)(1) of this title, any information with respect to the names and addresses of borrowers or other relevant information which is available to the Secretary, from whatever source such information may be derived.

(f) Audit of financial transactions

(1) Comptroller General and Inspector General authority

The Comptroller General and the Inspector General of the Department of Education shall have the authority to conduct an audit of the financial transactions of—

(A) any guaranty agency operating under an agreement with the Secretary pursuant to section 1078(b) of this title;

(B) any eligible lender as defined in section 1085(d)(1) of this title;

(C) a representative sample of eligible lenders under this part, upon the request of either of the authorizing committees, with respect to the payment of the special allowance under section 1087-1 of this title in order to evaluate the program authorized by this part.

(2) Access to records

For the purpose of carrying out this subsection, the records of any entity described in subparagraph (A), (B), (C), or (D)1 of paragraph (1) shall be available to the Comptroller General and the Inspector General of the Department of Education. For the purpose of section 716(c) of title 31, such records shall be considered to be records to which the Comptroller General has access by law, and for the purpose

1 See References in Text note below.
of section 6(a)(4) of the Inspector General Act of 1978, such records shall be considered to be records necessary in the performance of functions assigned by that Act to the Inspector General.

(3) “Record” defined

For the purpose of this subsection, the term “record” includes any information, document, report, answer, account, paper, or other data or documentary evidence.

(4) Audit procedures

In conducting audits pursuant to this subsection, the Comptroller General and the Inspector General of the Department of Education shall audit the records to determine the extent to which they, at a minimum, comply with Federal statutes, and rules and regulations prescribed by the Secretary, in effect at the time that the record was made, and in no case shall the Comptroller General or the Inspector General apply subsequently determined standards, procedures, or regulations to the records of such agency, lender, or Authority.

(g) Civil penalties

(1) Authority to impose penalties

Upon determination, after reasonable notice and opportunity for a hearing, that a lender or a guaranty agency—

(A) has violated or failed to carry out any provision of this part or any regulation prescribed under this part, or

(B) has engaged in substantial misrepresentation of the nature of its financial charges,

the Secretary may impose a civil penalty upon such lender or agency of not to exceed $25,000 for each violation, failure, or misrepresentation.

(2) Limitations

No civil penalty may be imposed under paragraph (1) of this subsection unless the Secretary determines that—

(A) the violation, failure, or substantial misrepresentation referred to in that paragraph resulted from a violation, failure, or misrepresentation that is material; and

(B) the lender or guaranty agency knew or should have known that its actions violated or failed to carry out the provisions of this part or the regulations thereunder.

(3) Correction of failure

A lender or guaranty agency has no liability under paragraph (1) of this subsection if, prior to notification by the Secretary under that paragraph, the lender or guaranty agency cures or corrects the violation or failure or notifies the person who received the substantial misrepresentation of the actual nature of the financial charges involved.

(4) Consideration as single violation

For the purpose of paragraph (1) of this subsection, violations, failures, or substantial misrepresentations arising from a specific practice of a lender or guaranty agency, and occurring prior to notification by the Secretary under that paragraph, shall be deemed to be a single violation, failure, or substantial misrepresentation even if the violation, failure, or substantial misrepresentation affects more than one loan or more than one borrower, or both. The Secretary may only impose a single civil penalty for each such violation, failure, or substantial misrepresentation.

(5) Assignees not liable for violations by others

If a loan affected by a violation, failure, or substantial misrepresentation is assigned to another holder, the lender or guaranty agency responsible for the violation, failure, or substantial misrepresentation shall remain liable for any civil money penalty provided for under paragraph (1) of this subsection, but the assignee shall not be liable for any such civil money penalty.

(6) Compromise

Until a matter is referred to the Attorney General, any civil penalty under paragraph (1) of this subsection may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the Secretary shall consider the appropriateness of the penalty to the resources of the lender or guaranty agency subject to the determination; the gravity of the violation, failure, or substantial misrepresentation; the frequency and persistence of the violation, failure, or substantial misrepresentation; and the amount of any losses resulting from the violation, failure, or substantial misrepresentation. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the lender or agency charged, unless the lender or agency has, in the case of a final agency determination, commenced proceedings for judicial review within 90 days of the determination, in which case the deduction may not be made during the pendency of the proceeding.

(h) Authority of the Secretary to impose and enforce limitations, suspensions, and terminations

(1) Imposition of sanctions

(A) If the Secretary, after a reasonable notice and opportunity for hearing to an eligible lender, finds that the eligible lender—

(i) has substantially failed—

(I) to exercise reasonable care and diligence in the making and collecting of loans under the provisions of this part,

(II) to make the reports or statements under section 1078(a)(4) of this title, or

(III) to pay the required loan insurance premiums to any guaranty agency, or

(ii) has engaged in—

(I) fraudulent or misleading advertising or in solicitations that have resulted in the making of loans insured or guaranteed under this part to borrowers who are ineligible; or

(II) the practice of making loans that violate the certification for eligibility provided in section 1078 of this title,

the Secretary shall limit, suspend, or terminate that lender from participation in the in-
The Department shall seek to sell defaulted student loans assigned to the United States under this part to collection agencies, eligible lenders, guaranty agencies, or other qualified purchaser on such terms as the Secretary determines are in the best financial interests of the United States. A loan may not be sold pursuant to this subsection if such loan is in repayment status.

Authority of Secretary to take emergency actions against lenders

(1) Imposition of sanctions

If the Secretary—

(A) receives information, determined by the Secretary to be reliable, that a lender is violating any provision of this subchapter and part C of subchapter I of chapter 34 of title 42, any regulation prescribed under this subchapter and part C of subchapter I of chapter 34 of title 42, or any applicable special arrangement, agreement, or limitation; and

(B) determines that immediate action is necessary to prevent misuse of Federal funds; and

(C) determines that the likelihood of loss outweighs the importance of following the limitation, suspension, or termination procedures authorized in subsection (h) of this section;

the Secretary shall, effective on the date on which a notice and statement of the basis of
the action is mailed to the lender (by reg-
istered mail, return receipt requested), take
emergency action to stop the issuance of guar-
antee commitments and the payment of inter-
est benefits and special allowance to the lend-
er.

(2) Length of emergency action

An emergency action under this subsection
may not exceed 30 days unless a limitation,
suspension, or termination proceeding is initi-
ated against the lender under subsection (h) of
this section before the expiration of that pe-
riod.

(3) Opportunity to show cause

The Secretary shall provide the lender, if it
so requests, an opportunity to show cause that
the emergency action is unwarranted.

(k) Program of assistance for borrowers

(1) In general

The Secretary shall undertake a program to
encourage corporations and other private and
public employers, including the Federal Gov-
ernment, to assist borrowers in repaying loans
received under this subchapter and part C of
subchapter I of chapter 34 of title 42, including
providing employers with options for payroll
deduction of loan payments and offering loan
repayment matching provisions as part of em-
ployee benefit packages.

(2) Publication

The Secretary shall publicize models for pro-
viding the repayment assistance described in
paragraph (1) and each year select entities
that deserve recognition, through means de-
vised by the Secretary, for the development of
innovative plans for providing such assistance
to employees.

(3) Recommendation

The Secretary shall recommend to the ap-
propriate committees in the Senate and House
of Representatives changes to statutes that
could be made in order to further encourage
such efforts.

(l) Uniform administrative and claims proce-
dures

(1) In general

The Secretary shall, by regulation developed
in consultation with guaranty agencies, lend-
ers, institutions of higher education, secondary
markets, students, third party servicers and other organizations involved in providing
loans under this part, prescribe standardized
forms and procedures regarding—

(A) origination of loans;
(B) electronic funds transfer;
(C) guaranty of loans;
(D) deferments;
(E) forbearance;
(F) servicing;
(G) claims filing;
(H) borrower status change and antici-
pated graduation date; and
(I) cures.

(2) Special rules

(A) The forms and procedures described in
paragraph (1) shall include all aspects of the
loan process as such process involves eligible
lenders and guaranty agencies and shall be de-
dsigned to minimize administrative costs and
burdens (other than the costs and burdens in-
volved in the transition to new forms and pro-
cedures) involved in exchanges of data to and
from borrowers, schools, lenders, secondary
markets, and the Department.

(B) Nothing in this paragraph shall be con-
strued to limit the development of electronic
forms and procedures.

(3) Simplification requirements

Such regulations shall include—

(A) standardization of computer formats, forms design, and guaranty agency proce-
dures relating to the origination, servicing,
and collection of loans under this part;

(B) authorization of alternate means of
document retention, including the use of
microfilm, microfiche, laser disc, compact
disc, and other methods allowing the produc-
tion of a facsimile of the original docu-
ments;

(C) authorization of the use of computer or
similar electronic methods of maintaining
records relating to the performance of serv-
icing, collection, and other regulatory re-
quirements under this chapter and part C of
subchapter I of chapter 34 of title 42; and

(D) authorization and implementation of
electronic data linkages for the exchange of
information to and from lenders, guarantors,
institutions of higher education, third party
servicers, and the Department of Education
for student status confirmation reports,
claim filing, interest and special allowance
billing, deferment processing, and all other
administrative steps relating to loans made
pursuant to this part where using electronic
data linkage is feasible.

(4) Additional recommendations

The Secretary shall review regulations pre-
scribed pursuant to paragraph (1) and seek ad-
tditional recommendations from guaranty
agencies, lenders, institutions of higher edu-
cation, students, secondary markets, third
party servicers and other organizations in-
volved in providing loans under this part, not
less frequently than annually, for additional
methods of simplifying and standardizing the
administration of the programs authorized by
this part.

(m) Common forms and formats

(1) Common guaranteed student loan applica-
tion form and promissory note

(A) In general

The Secretary, in cooperation with rep-
resentatives of guaranty agencies, eligible
lenders, and organizations involved in stu-
dent financial assistance, shall prescribe
common application forms and promissory
notes, or master promissory notes, to be
used for applying for loans under this part.

(B) Requirements

The forms prescribed by the Secretary shall—

(i) use clear, concise, and simple lan-
guage to facilitate understanding of loan
terms and conditions by applicants; and
(ii) be formatted to require the applicant to clearly indicate a choice of lender.

(C) Free application form

For academic year 1999–2000 and succeeding academic years, the Secretary shall prescribe the form developed under section 1090 of this title as the application form under this part, other than for loans under sections 1078–2 and 1078–3 of this title.

(D) Master promissory note

(i) In general

The Secretary shall develop and require the use of master promissory note forms for loans made under this part and part C of this subchapter. Such forms shall be available for periods of enrollment beginning not later than July 1, 2000. Each form shall allow eligible borrowers to receive, in addition to initial loans, additional loans for the same or subsequent periods of enrollment through a student confirmation process approved by the Secretary. Such forms shall be used for loans made under this part or part C of this subchapter as directed by the Secretary. Unless otherwise notified by the Secretary, each institution of higher education that participates in the program under this part or part C may use a master promissory note for loans under this part and part C.

(ii) Consultation

In developing the master promissory note under this subsection, the Secretary shall consult with representatives of guaranty agencies, eligible lenders, institutions of higher education, students, and organizations involved in student financial assistance.

(iii) Sale; assignment; enforceability

Notwithstanding any other provision of law, each loan made under a master promissory note under this subsection may be sold or assigned independently of any other loan made under the same promissory note and each such loan shall be separately enforceable in all Federal and State courts on the basis of an original or copy of the master promissory note in accordance with the terms of the master promissory note.

(E) Perfection of security interests in student loans

(i) In general

Notwithstanding the provisions of any State law to the contrary, including the Uniform Commercial Code as in effect in any State, a security interest in loans made under this part, on behalf of any eligible lender (as defined in section 1085(d) of this title) shall attach, be perfected, and be assigned priority in the manner provided by the applicable State’s law for perfection of security interests in accounts, as such law may be amended from time to time (including applicable transition provisions). If any such State’s law provides for a statutory lien to be created in such loans, such statutory lien may be created by the entity or entities governed by such State law in accordance with the applicable statutory provisions that created such a statutory lien.

(ii) Collateral description

In addition to any other method for describing collateral in a legally sufficient manner permitted under the laws of the State, the description of collateral in any financing statement filed pursuant to this subparagraph shall be deemed legally sufficient if it lists such loans, or refers to records (identifying such loans) retained by the secured party or any designee of the secured party identified in such financing statement, including the debtor or any loan servicer.

(iii) Sales

Notwithstanding clauses (i) and (ii) and any provisions of any State law to the contrary, other than any such State’s law providing for creation of a statutory lien, an outright sale of loans made under this part shall be effective and perfected automatically upon attachment as defined in the Uniform Commercial Code of such State.

(2) Common deferment form

The Secretary, in cooperation with representatives of guaranty agencies, institutions of higher education, and lenders involved in loans made under this part, shall prescribe a common deferment reporting form to be used for the processing of deferments of loans made under this subchapter and part C of subchapter I of chapter 34 of title 42.

(3) Common reporting formats

The Secretary shall promulgate standards including necessary rules, regulations (including the definitions of all relevant terms), and procedures so as to require all lenders and guaranty agencies to report information on all aspects of loans made under this part in uniform formats, so as to permit the direct comparison of data submitted by individual lenders, servicers, or guaranty agencies.

(4) Electronic forms

Nothing in this section shall be construed to limit the development and use of electronic forms and procedures.

(n) Default reduction management

(1) Authorization

There are authorized to be appropriated $25,000,000 for fiscal year 1999 and each of the four succeeding fiscal years, for the Secretary to expend for default reduction management activities for the purposes of establishing a performance measure that will reduce defaults by 5 percent relative to the prior fiscal year. Such funds shall be in addition to, and not in lieu of, other appropriations made for such purposes.

(2) Allowable activities

Allowable activities for which such funds shall be expended by the Secretary shall include the following: (A) program reviews; (B)
audits; (D) debt management programs; (E) training activities; and (F) such other management improvement activities approved by the Secretary.

(3) Plan for use required

The Secretary shall submit a plan, for inclusion in the materials accompanying the President's budget each fiscal year, detailing the expenditure of funds authorized by this section to accomplish the 5 percent reduction in defaults. At the conclusion of the fiscal year, the Secretary shall report the Secretary's findings and activities concerning the expenditure of funds and whether the performance measure was met. If the performance measure was not met, the Secretary shall report the following:

(A) why the goal was not met, including an indication of any managerial deficiencies or of any legal obstacles;

(B) plans and a schedule for achieving the established performance goal;

(C) recommended legislatively or regulatory changes necessary to achieve the goal; and

(D) if the performance standard or goal is impractical or infeasible, why that is the case and what action is recommended, including whether the goal should be changed or the program altered or eliminated.

This report shall be submitted to the Appropriations Committees of the House of Representatives and the Senate and to the authorizing committees.

(o) Consequences of guaranty agency insolvency

In the event that the Secretary has determined that a guaranty agency is unable to meet its insurance obligations under this part, the holder of loans insured by the guaranty agency may submit insurance claims directly to the guaranty agency. Such arrangements shall continue until the Secretary is satisfied that the guaranty agency, in accordance with insurance regulations, is financially able to perform its insurance obligations under this part, the guaranty agency, or another guarantor who can meet those obligations.

This report shall be submitted to the Appropriations Committees of the House of Representatives and the Senate and to the authorizing committees.

(p) Reporting requirement

All officers and directors, and those employees and paid consultants of eligible institutions, eligible lenders, guaranty agencies, loan servicing agencies, accrediting agencies or associations, State licensing agencies or boards, and entities acting as secondary markets (including the Student Loan Marketing Association), who are engaged in making decisions as to the administration of any program or funds under this subchapter and part C of subchapter I of chapter 34 of title 42 or as to the eligibility of any entity or individual to participate under this subchapter and part C of subchapter I of chapter 34 of title 42, shall report to the Secretary, in such manner and at such time as the Secretary shall require, on any financial interest which such individual may hold in any other entity participating in any program assisted under this subchapter and part C of subchapter I of chapter 34 of title 42.


REFERENCES IN TEXT


Prior Provisions


Amendments


2008—Subsec. (b). Pub. L. 110–315, § 433(a), inserted at end “The Secretary may not enter into any settlement of any claim under this subchapter and part C of subchapter I of chapter 34 of title 42 that exceeds $1,000,000 unless—“ and pars. (1) and (2).

Subsec. (f)(1)(C). Pub. L. 110–315, § 103(b)(6)(A), substituted “either of the authorizing committees” for “the Committee on Education and the Workforce of the House of Representatives or the Committee on Labor and Human Resources of the Senate”.

Subsec. (m)(1)(D)(i). Pub. L. 110–315, § 433(b), inserted at end “Unless otherwise notified by the Secretary, each institution of higher education that participates in the program under this part or part C may use a master promissory note for loans under this part and part C.”.


2000—Subsec. (m)(1)(D)(iv). Pub. L. 106–554, § 1(a)(1) (title III, § 311), struck out heading and text of cl. (iv). Text read as follows: “Notwithstanding the provisions of any State law to the contrary, including the Uniform Commercial Code as in effect in any State, a security interest in loans made under this part created on behalf of any eligible lender as defined in section 1085(d) of this title may be perfected either through the
taking of possession of such loans (which can be through taking possession of an original or copy of the master promissory note) or by the filing of notice of violation, failure, or substantial misrepresentation or misstatement with respect to sound management and accountability of programs under this part, except that in no case shall damages be assessed against the United States or a guaranty agency under this part for the actions or omissions of such servicers to establish minimum standards with respect to sound management and accountability of programs under this part, except that in no case shall damages be assessed against the United States or a guaranty agency under this part for the actions or omissions of such servicers to establish minimum standards with respect to sound management and accountability of programs under this part, except that in no case shall damages be assessed against the United States or a guaranty agency under this part for the actions or omissions of such servicers to establish minimum standards with respect to sound management and accountability of programs under this part, except that in no case shall damages be assessed against the United States or a guaranty agency under this part for the actions or omissions of such servicers to establish minimum standards with respect to sound management and accountability of programs under this part, except that in no case shall damages be assessed against the United States or a guaranty agency under this part for the actions or omissions of such servicers to establish minimum standards with respect to sound management and accountability of programs under this part, except that in no case shall damages be assessed against the United States or a guaranty agency under this part for the actions or omissions of such servicers to establish minimum standards.
§ 1083. Student loan information by eligible lenders

(a) Required disclosure before disbursement

Each eligible lender, at or prior to the time such lender disburses a loan that is insured or guaranteed under this part (other than a loan made under section 1078–3 of this title), shall provide thorough and accurate loan information on such loan to the borrower in simple and understandable terms. Any disclosure required by this subsection may be made by an eligible lender by written or electronic means, including as part of the application material provided to the borrower, as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. Each lender shall provide to each borrower a telephone number, and may provide an electronic address, through which additional loan information can be obtained. The disclosure shall include—

1. a statement prominently and clearly displayed and in bold print that the borrower is receiving a loan that must be repaid;
2. the name of the eligible lender, and the address to which communications and payments should be sent;
3. the principal amount of the loan;
4. the amount of any charges, such as the origination fee and Federal default fee, and whether those fees will be—
   A) collected by the lender at or prior to the disbursement of the loan;
   B) deducted from the proceeds of the loan;
   C) paid separately by the borrower; or
   D) paid by the lender;
5. the stated interest rate on the loan;
6. for loans made under section 1078–8 of this title or to a student borrower under section 1078–2 of this title, an explanation—
   A) that the borrower has the option to prepay all or part of the loan, at any time, without penalty;
   B) that the borrower may have for loan consolidation or other refinancing of the loan;
   C) that the borrower has the option to defer payment on the loan while the student is enrolled on at least a half-time basis in an institution of higher education;
   D) that the parent may be eligible for a deferment on the loan if the parent is enrolled on at least a half-time basis in an institution of higher education;
   E) that the parent has the option to defer payment on the loan while the student is enrolled in an institution, when and how often interest on the loan will be capitalized; and
   F) an explanation of any cost the borrower may incur during repayment or in the collection of the loan, including fees that the borrower may be charged, such as late payment fees and collection costs.

(b) Required disclosure before repayment

Each eligible lender shall, at or prior to the start of the repayment period on a loan made, insured, or guaranteed under section 1078, 1078–2, or 1078–8 of this title, disclose to the borrower by written or electronic means the information required under this subsection in simple and understandable terms. Each eligible lender shall provide to each borrower a telephone number, and may provide an electronic address, through which additional loan information can be obtained. The disclosure required by this subsection shall be made not less than 30 days nor