

108TH CONGRESS
1ST SESSION

S. 835

To amend the Higher Education Act of 1965 to provide student loan borrowers with a choice of lender for loan consolidation, to provide notice regarding loan consolidation, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 9, 2003

Ms. LANDRIEU introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Higher Education Act of 1965 to provide student loan borrowers with a choice of lender for loan consolidation, to provide notice regarding loan consolidation, 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. STUDENT LOAN CONSOLIDATION.**

4 (a) SHORT TITLE.—This section may be cited as the
5 “Consolidation Student Loan Flexibility Act of 2003”.

6 (b) STUDENT LOAN BORROWER CHOICE OF LOAN
7 CONSOLIDATOR.—Section 428C(b)(1)(A) of the Higher
8 Education Act of 1965 (20 U.S.C. 1078–3(b)(1)(A)) is

1 amended by striking “and (i) the lender holds” and all
2 that follows through “selected for consolidation)”.

3 (c) CONSOLIDATION LOAN AGREEMENTS.—Section
4 428C(b)(1) of the Higher Education Act of 1965 (20
5 U.S.C. 1078–3(b)(1)) is amended—

6 (1) in subparagraph (E), by striking “and”
7 after the semicolon;

8 (2) by redesignating subparagraph (F) as sub-
9 paragraph (G); and

10 (3) by inserting after subparagraph (E) the fol-
11 lowing:

12 “(F) that each applicant for a consolida-
13 tion loan will be provided a clear and con-
14 spicuous notice, in such form as the Secretary
15 shall prescribe, describing (i) the effects of a
16 consolidation loan and its available repayment
17 plans on the borrower’s interest rate, the
18 amount of the applicant’s monthly and total
19 payments, the total interest accrued, and the
20 length of the repayment term, (ii) the avail-
21 ability of the student borrower to prepay loans,
22 and (iii) the differences between variable and
23 fixed interest rates, which information shall be
24 relative to the borrower’s reported current loan
25 balance and the likely interest rate estimated by

1 the lender under consideration for the consoli-
2 dation loan.”.

3 (d) EXIT COUNSELING.—Section 485(b) of the High-
4 er Education Act of 1965 (20 U.S.C. 1092(b)) is amended
5 by adding at the end the following:

6 “(3) Each eligible institution shall provide to the bor-
7 rower of a loan made under part B, D, or E, during the
8 exit interview required by this subsection, a clear and con-
9 spicuous notice, in such form as the Secretary shall pre-
10 scribe, describing the effect of using a consolidation loan
11 to discharge the borrower’s student loans, and including,
12 with respect to a series of loan amount ranges—

13 “(A) the differences between fixed and variable
14 interest rates;

15 “(B) the effects of a consolidation loan and its
16 available repayment plans on the borrower’s interest
17 rate, the amount of the borrower’s monthly and total
18 payments, the total interest accrued, and the length
19 of repayment term; and

20 “(C) the ability of the borrower to prepay
21 loans.”.

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