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113TH CONGRESS
1ST SESSION

H. R. 2561

To provide for the removal of default information from a borrower's credit report with respect to certain rehabilitated education loans.

IN THE HOUSE OF REPRESENTATIVES

JUNE 27, 2013

Mr. PETERS of Michigan (for himself, Mr. BACHUS, Mrs. CAPITO, Mr. GRIMM, Mrs. CAROLYN B. MALONEY of New York, Mr. PETRI, Mr. POLIS, Ms. VELÁZQUEZ, Mrs. BEATTY, and Mr. STUTZMAN) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To provide for the removal of default information from a borrower's credit report with respect to certain rehabilitated education loans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Federal Adjustment in Reporting Student Credit Act of 2013’’ or the ‘‘FAIR Student Credit Act of 2013’’.

SEC. 2. REHABILITATION OF QUALIFIED EDUCATION LOANS.

Section 623(a)(1) of the Fair Credit Reporting Act (15 U.S.C. 1681s–2(a)(1)) is amended by adding at the end the following:

"(E) REHABILITATION OF QUALIFIED EDUCATION LOANS.—

"(i) IN GENERAL.—Notwithstanding any other provision of this section, a person shall request to remove a previously reported default regarding a qualified education loan from a consumer report, and such request shall not be considered inaccurate, if the consumer of such loan successfully and voluntarily meets the requirements of a loan rehabilitation program, where the number of consecutive on-time monthly payments, in accordance with the terms and conditions of the loans, or any valid and legally binding modification thereto, are equal to the number of payments specified under section 428F(a)(1)(A) of the Higher Education Act of 1965 (20 U.S.C. 1078–6(a)(1)(A)).

"(ii) LIMITATION.—A consumer may obtain the benefits available under this subsection with respect to rehabilitating a loan only one time per loan.

"(iii) QUALIFIED EDUCATION LOAN DEFINED.—For purposes of this subparagraph, the term 'qualified education loan' has the meaning given such term under section 221(d) of the Internal Revenue Code of 1986.".

SEC. 3. GAO STUDY.

(a) STUDY.—The Comptroller General of the United States shall carry out a study on—

(1) the implementation of section 623(a)(1)(E) of the Fair Credit Reporting Act, as added by section 2; and

(2) any hurdles borrowers experience with the private loan rehabilitation program.

(b) REPORT.—Not later than the end of the 18-month period beginning on the date of the enactment of this Act, the Comptroller General shall issue a report to the Congress containing all findings and determinations made in carrying out the study required under subsection (a).

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