

tions of higher education served by such guaranty agency, shall develop and make available high-quality educational programs and materials to provide training for students and families in budgeting and financial management, including debt management and other aspects of financial literacy, such as the cost of using high interest loans to pay for postsecondary education, particularly as budgeting and financial management relates to student loan programs authorized by this subchapter. Such programs and materials shall be in formats that are simple and understandable to students and families, and shall be provided before, during, and after the students' enrollment in an institution of higher education. The activities described in this section shall be considered default reduction activities for the purposes of section 1072 of this title.

**(b) Rule of construction**

Nothing in this section shall be construed to prohibit—

- (1) a guaranty agency from using existing activities, programs, and materials in meeting the requirements of this section;
- (2) a guaranty agency from providing programs or materials similar to the programs or materials described in subsection (a) to an institution of higher education that provides loans exclusively through part D; or
- (3) a lender or loan servicer from providing outreach or financial aid literacy information in accordance with subsection (a).

(Pub. L. 89-329, title IV, § 433A, as added Pub. L. 110-315, title IV, § 435, Aug. 14, 2008, 122 Stat. 3252.)

**Editorial Notes**

**PRIOR PROVISIONS**

A prior section 1083a, Pub. L. 89-329, title IV, § 433A, as added Pub. L. 96-374, title IV, § 418, Oct. 3, 1980, 94 Stat. 1423; amended Pub. L. 97-301, § 13(a), Oct. 13, 1982, 96 Stat. 1404; Pub. L. 98-79, § 3(a), Aug. 15, 1983, 97 Stat. 476; Pub. L. 99-272, title XVI, § 16012(c), Apr. 7, 1986, 100 Stat. 340, related to student loan information to be provided by eligible lenders, prior to the general revision of this part by Pub. L. 99-498. See section 1083 of this title.

**§ 1084. Participation by Federal credit unions in Federal, State, and private student loan insurance programs**

Notwithstanding any other provision of law, Federal credit unions shall, pursuant to regulations of the National Credit Union Administration, have power to make insured loans to student members in accordance with the provisions of this part relating to federally insured loans, or in accordance with the provisions of any State or nonprofit private student loan insurance program which meets the requirements of section 1078(a)(1)(B) of this title.

(Pub. L. 89-329, title IV, § 434, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1408.)

**Editorial Notes**

**PRIOR PROVISIONS**

A prior section 1084, Pub. L. 89-329, title IV, § 434, Nov. 8, 1965, 79 Stat. 1247; Pub. L. 90-575, title I, § 116(b)(4),

Oct. 16, 1968, 82 Stat. 1024; Pub. L. 91-206, § 6, Mar. 10, 1970, 84 Stat. 51; Pub. L. 92-318, title I, § 132D(e), June 23, 1972, 86 Stat. 264; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2129; Pub. L. 95-630, title V, § 502(a), Nov. 10, 1978, 92 Stat. 3681, related to participation by Federal credit unions in Federal, State, and private student loan insurance programs, prior to the general revision of this part by Pub. L. 99-498.

**§ 1085. Definitions for student loan insurance program**

As used in this part:

**(a) Eligible institution**

**(1) In general**

Except as provided in paragraph (2), the term “eligible institution” means an institution of higher education, as defined in section 1002 of this title, except that, for the purposes of sections 1077(a)(2)(C)(i) and 1078(b)(1)(M)(i) of this title, an eligible institution includes any institution that is within this definition without regard to whether such institution is participating in any program under this subchapter and includes any institution ineligible for participation in any program under this part pursuant to paragraph (2) of this subsection.

**(2) Ineligibility based on high default rates**

(A) An institution whose cohort default rate is equal to or greater than the threshold percentage specified in subparagraph (B) for each of the three most recent fiscal years for which data are available shall not be eligible to participate in a program under this part for the fiscal year for which the determination is made and for the two succeeding fiscal years, unless, within 30 days of receiving notification from the Secretary of the loss of eligibility under this paragraph, the institution appeals the loss of its eligibility to the Secretary. The Secretary shall issue a decision on any such appeal within 45 days after its submission. Such decision may permit the institution to continue to participate in a program under this part if—

- (i) the institution demonstrates to the satisfaction of the Secretary that the Secretary's calculation of its cohort default rate is not accurate, and that recalculation would reduce its cohort default rate for any of the three fiscal years below the threshold percentage specified in subparagraph (B);
- (ii) there are exceptional mitigating circumstances within the meaning of paragraph (5); or
- (iii) there are, in the judgment of the Secretary, other exceptional mitigating circumstances that would make the application of this paragraph inequitable.

During such appeal, the Secretary may permit the institution to continue to participate in a program under this part. If an institution continues to participate in a program under this part, and the institution's appeal of the loss of eligibility is unsuccessful, the institution shall be required to pay to the Secretary an amount equal to the amount of interest, special allowance, reinsurance, and any related payments made by the Secretary (or which the