AMENDMENT TO THE RULES COMMITTEE PRINT

116–57

OFFERED BY MS. DEAN OF PENNSYLVANIA

In subtitle E of title XVII, add at the end the following:

SEC. ___. PAYMENTS FOR PRIVATE EDUCATION LOAN BORROWERS, AS A RESULT OF COVID–19.

(a) Relief for Covered Borrowers as a Result of the COVID–19 National Emergency.—

(1) Student loan relief as a result of the COVID–19 national emergency.—The Secretary of the Treasury shall carry out a program under which the Secretary shall make payments, on behalf of a covered borrower, with respect to the private education loans of such borrower.

(2) Payment amount.—Payments made under paragraph (1) with respect to a covered borrower shall be in an amount equal to the lesser of—

(A) the total amount of each private education loan of the borrower; or

(B) $10,000.

(3) Notification of Borrowers.—Not later than 15 days following the date of enactment of this
subsection, the Secretary shall notify each covered borrower of—

(A) the requirements to make payments under this section; and

(B) the opportunity for such borrower to make an election under paragraph (4)(A) with respect to the application of such payments to the private education loans of such borrower.

(4) DISTRIBUTION OF FUNDING.—

(A) ELECTION BY BORROWER.—Not later than 45 days after a notice is sent under paragraph (3), a covered borrower may elect to apply the payments made under this subsection with respect to such borrower under paragraph (1) to any private education loan of the borrower.

(B) AUTOMATIC PAYMENT.—

(i) IN GENERAL.—In the case of a covered borrower who does not make an election under subparagraph (A) before the date described in such subparagraph, the Secretary shall apply the amount determined with respect to such borrower under paragraph (1) in order of the private edu-
cation loan of the borrower with the highest interest rate.

(ii) **Equal interest rates.**—In case of two or more private education loans described in clause (i) with equal interest rates, the Secretary shall apply the amount determined with respect to such borrower under paragraph (1) first to the loan with the highest principal.

(5) **Data to implement.**—Holders and servicers of private education loans made to covered borrowers shall report, to the satisfaction of the Secretary, the information necessary to calculate the amount to be paid under this subsection.

(6) **Ratable reduction.**—To the extent that amounts appropriated to carry out this section are insufficient to fully comply with the payments required under paragraph (2), the Secretary shall distribute available funds by ratably reducing the amounts required to be paid under such paragraph.

(b) **Additional protections for covered borrowers.**—

(1) **Loan modification after payment.**— Each private education loan holder who receives a payment pursuant to subsection (a) shall, before the
first payment due on the private education loan
after the receipt of such payment (and taking into
account any suspension of payments that may be re-
quired under any other provision of law), modify the
loan, based on the payment made under subsection
(a), to lower monthly payments due on the loan.
Such modification may take the form of a re-amorti-
zation, a lowering of the applicable interest rate, or
any other modification that would lower such pay-
ments.

(2) Repayment plan and forgiveness
terms.—Each private education loan holder who re-
ceives a payment pursuant to subsection (a) shall
modify all private education loan contracts with re-
spect to covered borrowers that it holds to provide
for the same repayment plan and forgiveness terms
available to Direct Loans borrowers under section
685.209(c) of title 34, Code of Federal Regulations,
in effect as of January 1, 2020.

(3) Treatment of state statutes of limi-
tation.—For a covered borrower who has defaulted
on a private education loan under the terms of the
promissory note prior to any loan payment made
under subsection (a), no payment made under such
subsection shall be considered an event that impacts
the calculation of the applicable State statutes of limitation.

(4) Prohibition on pressuring borrowers.—

(A) In general.—A private education loan debt collector or creditor may not pressure a covered borrower to elect to apply any amount received pursuant to subsection (a) to any private education loan.

(B) Violations.—A violation of this paragraph is deemed—

(i) an unfair, deceptive, or abusive act or practice under Federal law in connection with any transaction with a consumer for a consumer financial product or service under section 1031 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5531); and

(ii) with respect to a violation by a debt collector, an unfair or unconscionable means to collect or attempt to collect any debt under section 808 of the Federal Debt Collection Practices Act (15 U.S.C. 1692f).
(C) Pressure defined.—In this paragraph, the term “pressure” means any communication, recommendation, or other similar communication, other than providing basic information about a borrower’s options, urging a borrower to make an election described under subsection (a).

(c) Definitions.—In this section:

(1) Covered borrower.—The term “covered borrower” means a borrower of a private education loan.

(2) Fair Debt Collection Practices Act terms.—The terms “creditor” and “debt collector” have the meaning given those terms, respectively, under section 803 of the Fair Debt Collection Practices Act (15 U.S.C. 1692a).

(3) Private education loan.—The term “private education loan” has the meaning given the term in section 140 of the Truth in Lending Act (15 U.S.C. 1650).

(4) Secretary.—The term “Secretary” means the Secretary of the Treasury.