

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:

1 **SEC. ____ . PAYMENTS FOR PRIVATE EDUCATION LOAN BOR-**
2 **ROWERS, AS A RESULT OF COVID-19.**

3 (a) **RELIEF FOR COVERED BORROWERS AS A RESULT**
4 **OF THE COVID-19 NATIONAL EMERGENCY.—**

5 (1) **STUDENT LOAN RELIEF AS A RESULT OF**
6 **THE COVID-19 NATIONAL EMERGENCY.—**The Sec-
7 retary of the Treasury shall carry out a program
8 under which the Secretary shall make payments, on
9 behalf of a covered borrower, with respect to the pri-
10 vate education loans of such borrower.

11 (2) **PAYMENT AMOUNT.—**Payments made under
12 paragraph (1) with respect to a covered borrower
13 shall be in an amount equal to the lesser of—

14 (A) the total amount of each private edu-
15 cation loan of the borrower; or

16 (B) \$10,000.

17 (3) **NOTIFICATION OF BORROWERS.—**Not later
18 than 15 days following the date of enactment of this

1 subsection, the Secretary shall notify each covered
2 borrower of—

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

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

9 (4) DISTRIBUTION OF FUNDING.—

10 (A) ELECTION BY BORROWER.—Not later
11 than 45 days after a notice is sent under para-
12 graph (3), a covered borrower may elect to
13 apply the payments made under this subsection
14 with respect to such borrower under paragraph
15 (1) to any private education loan of the bor-
16 rower.

17 (B) AUTOMATIC PAYMENT.—

18 (i) IN GENERAL.—In the case of a
19 covered borrower who does not make an
20 election under subparagraph (A) before the
21 date described in such subparagraph, the
22 Secretary shall apply the amount deter-
23 mined with respect to such borrower under
24 paragraph (1) in order of the private edu-

1 cation loan of the borrower with the high-
2 est interest rate.

3 (ii) EQUAL INTEREST RATES.—In
4 case of two or more private education loans
5 described in clause (i) with equal interest
6 rates, the Secretary shall apply the amount
7 determined with respect to such borrower
8 under paragraph (1) first to the loan with
9 the highest principal.

10 (5) DATA TO IMPLEMENT.—Holders and
11 servicers of private education loans made to covered
12 borrowers shall report, to the satisfaction of the Sec-
13 retary, the information necessary to calculate the
14 amount to be paid under this subsection.

15 (6) RATABLE REDUCTION.—To the extent that
16 amounts appropriated to carry out this section are
17 insufficient to fully comply with the payments re-
18 quired under paragraph (2), the Secretary shall dis-
19 tribute available funds by ratably reducing the
20 amounts required to be paid under such paragraph.

21 (b) ADDITIONAL PROTECTIONS FOR COVERED BOR-
22 ROWERS.—

23 (1) LOAN MODIFICATION AFTER PAYMENT.—
24 Each private education loan holder who receives a
25 payment pursuant to subsection (a) shall, before the

1 first payment due on the private education loan
2 after the receipt of such payment (and taking into
3 account any suspension of payments that may be re-
4 quired under any other provision of law), modify the
5 loan, based on the payment made under subsection
6 (a), to lower monthly payments due on the loan.
7 Such modification may take the form of a re-amorti-
8 zation, a lowering of the applicable interest rate, or
9 any other modification that would lower such pay-
10 ments.

11 (2) REPAYMENT PLAN AND FORGIVENESS
12 TERMS.—Each private education loan holder who re-
13 ceives a payment pursuant to subsection (a) shall
14 modify all private education loan contracts with re-
15 spect to covered borrowers that it holds to provide
16 for the same repayment plan and forgiveness terms
17 available to Direct Loans borrowers under section
18 685.209(c) of title 34, Code of Federal Regulations,
19 in effect as of January 1, 2020.

20 (3) TREATMENT OF STATE STATUTES OF LIM-
21 TATION.—For a covered borrower who has defaulted
22 on a private education loan under the terms of the
23 promissory note prior to any loan payment made
24 under subsection (a), no payment made under such
25 subsection shall be considered an event that impacts

1 the calculation of the applicable State statutes of
2 limitation.

3 (4) PROHIBITION ON PRESSURING BOR-
4 ROWERS.—

5 (A) IN GENERAL.—A private education
6 loan debt collector or creditor may not pressure
7 a covered borrower to elect to apply any amount
8 received pursuant to subsection (a) to any pri-
9 vate education loan.

10 (B) VIOLATIONS.—A violation of this para-
11 graph is deemed—

12 (i) an unfair, deceptive, or abusive act
13 or practice under Federal law in connec-
14 tion with any transaction with a consumer
15 for a consumer financial product or service
16 under section 1031 of the Consumer Fi-
17 nancial Protection Act of 2010 (12 U.S.C.
18 5531); and

19 (ii) with respect to a violation by a
20 debt collector, an unfair or unconscionable
21 means to collect or attempt to collect any
22 debt under section 808 of the Federal
23 Debt Collection Practices Act (15 U.S.C.
24 1692f).

1 (C) PRESSURE DEFINED.—In this para-
2 graph, the term “pressure” means any commu-
3 nication, recommendation, or other similar com-
4 munication, other than providing basic informa-
5 tion about a borrower’s options, urging a bor-
6 rower to make an election described under sub-
7 section (a).

8 (e) DEFINITIONS.—In this section:

9 (1) COVERED BORROWER.—The term “covered
10 borrower” means a borrower of a private education
11 loan.

12 (2) FAIR DEBT COLLECTION PRACTICES ACT
13 TERMS.—The terms “creditor” and “debt collector”
14 have the meaning given those terms, respectively,
15 under section 803 of the Fair Debt Collection Prac-
16 tices Act (15 U.S.C. 1692a).

17 (3) PRIVATE EDUCATION LOAN.—The term
18 “private education loan” has the meaning given the
19 term in section 140 of the Truth in Lending Act (15
20 U.S.C. 1650).

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

