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(Original Signature of Member)

114TH CONGRESS
2D SESSION

H. R. 5755

To amend the Higher Education Act of 1965 to require institutions of higher education to provide students with annual estimates of student loan borrowing costs.

IN THE HOUSE OF REPRESENTATIVES

Mr. MESSER (for himself, Ms. STEFANIK, Mr. ROKITA, Mrs. BROOKS of Indiana, Mr. BUCSHON, Mr. SWALWELL of California, and Mr. YOUNG of Indiana) introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Higher Education Act of 1965 to require institutions of higher education to provide students with annual estimates of student loan borrowing costs.

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. SHORT TITLE.**

4 This Act may be cited as the “Letter of Estimated
5 Annual Debt for Students Act of 2016” or the “LEADS
6 Act of 2016”.

1 **SEC. 2. ANNUAL ESTIMATE OF STUDENT LOAN BORROWING**
2 **COSTS.**

3 Section 485 of the Higher Education Act of 1965 (20
4 U.S.C. 1092) is amended by adding at the end the fol-
5 lowing:

6 “(n) ANNUAL ESTIMATE OF STUDENT LOAN BOR-
7 ROWING COSTS.—

8 “(1) IN GENERAL.—Beginning on July 1, 2018,
9 each eligible institution shall provide a cost estimate
10 described in paragraph (2) to each enrolled student
11 who receives an education loan to attend the institu-
12 tion, not later than 30 days before the first day of
13 each academic year beginning after the academic
14 year for which the student first received such a loan
15 to attend such institution.

16 “(2) CONTENTS OF ESTIMATE.—The estimate
17 under paragraph (1) shall contain the following in-
18 formation:

19 “(A) CUMULATIVE BALANCES AND MONTH-
20 LY PAYMENTS.—A notice to the student of—

21 “(i) the cumulative balance of edu-
22 cation loans owed by the student as of the
23 date of the notice;

24 “(ii) the amount of any new education
25 loans expected to be disbursed during such
26 academic year;

1 “(iii) the projected cumulative balance
2 of education loans that will be owed by the
3 student after the completion of the stu-
4 dent’s course of study at the institution;
5 and

6 “(iv) projected monthly payment
7 amounts based on the cumulative balances
8 described in clauses (i), (ii), and (iii), re-
9 spectively, assuming a standard repayment
10 schedule.

11 “(B) INTEREST RATES.—The interest rate
12 of each education loan, except that interest
13 rates for a private education loan may be based
14 on average private education loan interest rates
15 if the institution cannot reasonably determine
16 the actual interest rate of such loan.

17 “(C) DISCLAIMER.—A clear and con-
18 spicuous notice stating that any information
19 provided under paragraph (1) is an estimate,
20 accurate to the best of the institution’s knowl-
21 edge, and that an interest rate provided under
22 subparagraph (B)—

23 “(i) in the case of a loan described in
24 paragraph (6)(A)(i), is the applicable rate
25 of interest of such loan;

1 “(ii) in the case of a private education
2 loan, may be based on average private edu-
3 cation loan interest rates; and

4 “(iii) does not include private edu-
5 cation loans of which the institution is not
6 aware.

7 “(3) FORM OF ESTIMATE.—The estimate under
8 paragraph (1) shall be—

9 “(A) provided to the student in hard copy
10 format on the letterhead of the institution, by
11 electronic mail or by another method the Sec-
12 retary may prescribe; and

13 “(B) delivered to the student separately
14 from any other disclosures required under this
15 Act.

16 “(4) LIMITATION OF LIABILITY.—An institution
17 that provides the estimate under paragraph (1) in
18 good faith shall not be liable to any person for inae-
19 curacies contained in such estimate.

20 “(5) STUDENT DEBT LETTER TEMPLATE.—Not
21 later than July 1, 2017, and as necessary thereafter,
22 the Secretary shall provide the following to eligible
23 institutions:

24 “(A) Examples of estimates required under
25 paragraph (2).

1 “(B) Technical assistance on how to com-
2 ply with the requirements of this subsection.

3 “(C) Preliminary approvals in a timely
4 manner of estimate formats proposed for use by
5 an institution, at the request of the institution.

6 “(D) The formula (which shall take into
7 consideration a student’s past borrowing rates
8 and other criteria the Secretary may determine)
9 to be used in making the projections under
10 clauses (iii) and (iv) of paragraph (2)(A) with
11 respect to loans described in paragraph
12 (6)(A)(i).

13 “(E) Encryption technology software to en-
14 able institutions to provide the estimate under
15 paragraph (2) to students in a secure format
16 for institutions that choose to provide the esti-
17 mate to students in an electronic format.

18 “(6) DEFINITIONS.—In this subsection:

19 “(A) EDUCATION LOAN.—The term ‘edu-
20 cation loan’ means—

21 “(i) a loan made under part D (other
22 than a Federal Direct Consolidation Loan
23 or a Federal Direct PLUS loan made on
24 behalf of a student);

1 “(ii) a loan made under a State-spon-
2 sored loan program for the purpose of pay-
3 ing a student’s cost of attendance at an in-
4 stitution of higher education; and

5 “(iii) a private education loan with re-
6 spect to which the institution should rea-
7 sonably be aware.

8 “(B) PRIVATE EDUCATION LOAN.—The
9 term ‘private education loan’ has the meaning
10 given the term in section 140 of the Truth in
11 Lending Act.

12 “(C) STUDENT.—The term ‘student’, when
13 used with respect to an eligible institution, does
14 not include any student who has transferred to
15 the institution more than 60 days before the
16 first day of the academic year involved.”.

17 **SEC. 3. ANNUAL PROVISION OF INFORMATION BY THE SEC-**
18 **RETARY OF EDUCATION.**

19 Not later than April 1, 2018, and annually thereafter,
20 the Secretary of Education shall provide to institutions of
21 higher education (as defined in section 102 of the Higher
22 Education Act of 1965 (20 U.S.C. 1002)) the following
23 information:

24 (1) The amount of any loans made under part
25 D of title IV of the Higher Education Act of 1965

1 (20 U.S.C. 1087a et seq.) (other than a Federal Di-
2 rect Consolidation Loan or a Federal Direct PLUS
3 loan made on behalf of a student) expected to be
4 disbursed to any borrower for the next academic
5 year.

6 (2) The projected cumulative balance of such
7 loans, as determined in accordance with section
8 485(n)(5)(D) of such Act (20 U.S.C.
9 1092(n)(5)(D)), as added by this Act, that will be
10 owed by any borrower after the completion of the
11 borrower's course of study at an institution of higher
12 education.

13 (3) The projected monthly payment amounts of
14 such loans, as determined in accordance with section
15 485(n)(5) of the Higher Education Act of 1965 (20
16 U.S.C. 1092(n)(5)), assuming a standard repayment
17 schedule (as described in section 455(d)(1)(A) of
18 such Act (20 U.S.C. 1087e(d)(1)(A))).