



Durbin, Warren, Reed Reintroduce Bill Creating Student Loan Borrower Bill of Rights

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WASHINGTON – U.S. Senators Dick Durbin (D-IL), Elizabeth Warren (D-MA), and Jack Reed (D-RI) today reintroduced legislation to ensure struggling student loan borrowers are treated fairly and understand the full range of repayment options and resources available to them. The *Student Loan Borrower Bill of Rights Act of 2019* creates consistent servicing and disclosure standards across private and federal student loans by amending the *Truth In Lending Act*. More than 40 million Americans hold \$1.5 trillion in cumulative student loan debt. This student loan debt reduces homeownership, jeopardizes retirement security, and limits the formation of small businesses.

“Student loan debt is a crushing weight on the backs of American students and families. This bill sets out basic rights that we believe all student borrowers are entitled to, and that can protect them from falling behind in payments. We have to address this problem now, not years from now, because America’s future depends on it,” Durbin said.

“Greedy student loan companies and servicers have pounded student loan borrowers while the Trump Administration and Betsy DeVos have blocked and tackled for them. I’m glad states like Massachusetts are fighting back with Student Loan Borrower Bill of Rights proposals, but it’s time for Congress to join that fight. That’s why I’m sponsoring The Student Loan Borrower Bill of Rights in Congress,” said Warren.

“Students and families are forced to dig deep to afford college, and tuition seems to keep rising. We need to break that cycle. Too often students and parents don’t realize the implications of a loan. This bill is a step toward fixing that situation by creating strong consumer protections and support for borrowers when they deal with powerful financial institutions,” said Reed.

Student loan debt has surpassed credit cards as the largest debt held by consumers, second only to mortgages. Not only are debt levels high, the student loan servicing system for repaying private and federal student loans can be complex and confusing for borrowers. Borrowers often face increased costs because they are unable to obtain alternative repayment options to avoid default, resolve errors in a timely manner, apply payments in a manner that would reduce the overall cost of the loan, and obtain accurate information about benefits they may be eligible for under federal law. In some cases, this can add up to thousands of dollars.

Specifically, the bill would make the following reforms:

- Improves disclosures to borrowers when their loan is sold or transferred, the borrower is identified as at-risk of default or having trouble making payments, or the borrower is eligible for alternative repayment options or other benefits;
- Standardizes the application of payments and the allocation of payments among multiple loans in a manner most beneficial to the borrower;
- Limits when borrowers are subject to late fees and other negative consequences;
- Improves timely resolution of errors by servicers;
- Prohibits servicers from using mandatory arbitration clauses or class action restrictions to prevent borrowers from bring suit against the servicer in a court of law;
- Requires servicers to establish Repayment Specialists—specially-trained units focused on keeping at-risk borrowers from defaulting, without pushing them into forbearance, and getting them back on track to repayment;
- Improves private loan protections, including ensuring private student loans are discharged upon death or disability of the borrower;
- Requires institutions of higher education to certify private student loans prior to a borrower taking out a private loan to ensure that federal loan eligibility is exhausted first; and
- Codifies the authority of the Consumer Financial Protection Bureau Student Loan Ombudsman.

Durbin, Warren, and Reed have long advocated for increased protections for student borrowers. Durbin has worked to build broad support in the Senate for legislative action to reduce new student loan debt and make it easier for millions of working families to manage the student loan debt they already have.

The bill is supported by the Center for Responsible Lending, National Consumer Law Center (on behalf of its low income clients), The Education Trust, Consumer Federation of America, The Institute for College Access and Success, and U.S. PIRG.