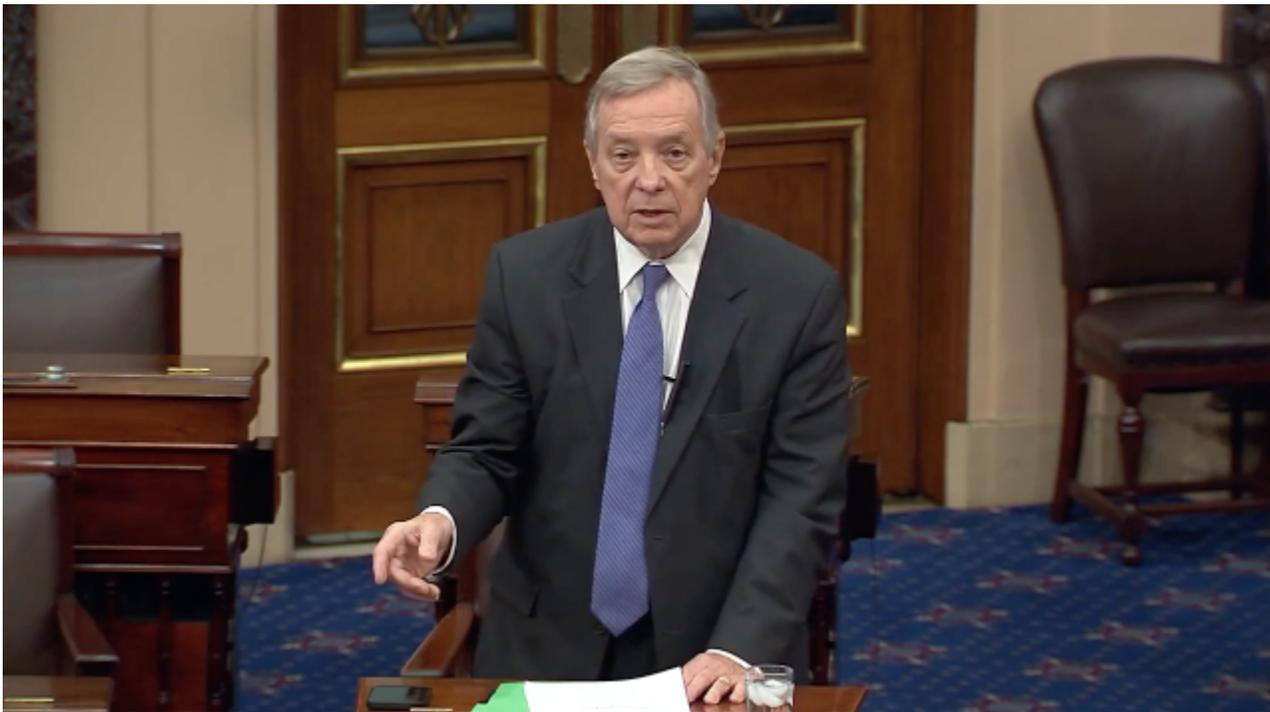


# Durbin Reintroduces Bill To Create Student Loan Borrower Bill Of Rights

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WASHINGTON – U.S. Senate Majority Whip Dick Durbin (D-IL), along with U.S. Senators Amy Klobuchar (D-MN), Jack Reed (D-RI), Tina Smith (D-MN), Peter Welch (D-VT), and Tammy Duckworth (D-IL), 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* creates consistent servicing and disclosure standards across private and federal student loans and allows the Secretary of Education to adjust those standards for federal servicers through regulation to benefit federal student loan borrowers. More than 43 million Americans hold \$1.6 trillion in cumulative student loan debt, preventing Americans from fully participating in our nation’s economy by reducing homeownership, jeopardizing retirement security, and limiting entrepreneurship.

“Student loan debt is a crushing weight on the backs of American students and families, and repaying student loans can be a difficult and confusing process. The *Student Loan Borrower Bill of Rights Act* sets out basic rights that I believe all student borrowers are entitled to, and that can protect them from falling behind in payments,” said Durbin.

“Families across Minnesota are grappling with the daunting weight of student loans, and a repayment system that is far too complex,” said Smith. “It's not just about numbers – it's about opportunity. Student debt stops families from building wealth through buying a home and entrepreneurs from starting a business. I hear from Minnesotans who find the repayment system arbitrary, unfair and too complex. The *Student Loan Borrower Bill of Rights* brings much greater clarity and fairness to our repayment system and will go a long way to improving the system for borrowers.”

“Far too many Americans are burdened with student loans and an often confusing and complicated repayment process,” Duckworth said. “I’m proud to join Senator Durbin in re-introducing the *Student Loan Borrower Bill of Rights Act* to create clear and consistent protections and disclosures for borrowers to help ensure Americans know their rights when it comes their student loans.”

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. 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 to reduce the overall cost of the loan, and obtain accurate information about their eligibility for benefits. The already complicated student loan system has become even more difficult to navigate with millions of student loan borrowers entering repayment for the first time in more than three years. Many borrowers have received incorrect or late billing statements from their servicers and have encountered long wait times to receive help entering repayment.

Specifically, the *Student Loan Borrower Bill of Rights Act*:

- Improves disclosures and outreach 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 and the allocation of payments among multiple loans in a manner most beneficial to the borrower;
- Creates a Student Loan Servicing Interagency Working Group to provide recommendations related to servicing contracts;

- Removes a borrower's record of default from their credit history when they act to rectify their defaulted loan;
- Limits circumstances in which borrowers are subject to late fees and other negative consequences;
- Improves timely resolution of errors made by servicers;
- Prohibits servicers from using mandatory arbitration clauses or class action restrictions to prevent borrowers from bringing suit against the servicer in a court of law;
- Requires servicers to establish Repayment Specialists, which are 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; and
- Codifies the authority of the Consumer Financial Protection Bureau Student Loan Ombudsman.

The bill has earned endorsements from the Student Borrower Protection Center, National Consumer Law Center (on behalf of its low-income clients), TICAS, Student Debt Crisis Center, Ed Trust, US PIRG, UnidosUS, National Association of Consumer Advocates, Consumer Action, National Consumers League, and Americans for Financial Reform.