

SENATE BILL 628

By Watson

AN ACT to amend Tennessee Code Annotated, Title 49,
Chapter 7, relative to education loans.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 7, Part 1, is amended by adding the following language as a new section:

(a) As used in this section:

(1) "Education loan" means a direct loan or loan insured or guaranteed under a federal or state program or a program of private insurance that is made to assist a student in obtaining postsecondary education and that is:

(A) Made to any Tennessee or non-Tennessee student, or to either one (1) or both parents or the legal guardian of the student, for the purpose of attending a Tennessee or non-Tennessee postsecondary institution of higher education; or

(B) Made or owned by any lending institution:

(i) With an office located in Tennessee; or

(ii) Whose affiliate has an office located in Tennessee or located in a state in which a Tennessee bank or a Tennessee bank holding company is entitled under Tennessee law to acquire a bank or bank holding company; and

(2) "Eligible institution" means any postsecondary institution of higher education that enrolls a student who receives state financial aid.

(b) An eligible institution that receives education loan information for a student enrolled in the institution shall annually provide to that student the following information:

(1) An estimate of the total amount of education loans taken out by the student;

(2) An estimate of:

(A) The potential total payoff amount of the education loans incurred or a range of the total payoff amount; and

(B) Monthly repayment amounts that a similarly situated borrower may incur, including principal and interest, for the amount of loans the student has taken out at the time the information is provided. The information provided under this subdivision (b)(2)(B) may include a statement that the estimates and ranges provided are general in nature and not meant as a guarantee or promise of the actual projected amount; and

(3) The percentage of any borrowing limit the student has reached at the time the information is provided.

(c) An eligible institution shall not incur liability for any representations made under this section.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.