

113TH CONGRESS
1ST SESSION

H. R. 3371

To exempt certain education loans made by States from certain preferred lender requirements under the Higher Education Act of 1965.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 29, 2013

Mr. HINOJOSA (for himself and Mr. CASTRO of Texas) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To exempt certain education loans made by States from certain preferred lender requirements under the Higher Education Act of 1965.

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 “State Loan Access and
5 Student Protection Act”.

6 **SEC. 2. EXCEPTION FOR CERTAIN EDUCATION LOANS**
7 **MADE BY STATES.**

8 Section 487(h) of the Higher Education Act of 1965
9 (20 U.S.C. 1094(h)) is amended—

1 (1) in paragraph (1)(B)—

2 (A) in clause (i), by striking “and” at the
3 end;

4 (B) by inserting “and” at the end of clause
5 (ii); and

6 (C) by inserting after clause (ii), the fol-
7 lowing:

8 “(iii) in the case of education loans
9 made by a State (and whose terms and
10 conditions are established by the State),
11 which are recommended, promoted, or en-
12 dored by the institution, and that do not
13 meet the requirement of clause (i) with re-
14 spect to having not less than two lenders
15 of such loans who are not affiliates of each
16 other included on the preferred lender
17 list—

18 “(I) the institution’s only actions
19 to recommend, promote, or endorse
20 such loans are—

21 “(aa) informing students
22 and the families of such students
23 about such loans; and

24 “(bb) providing financial aid
25 packages that include such loans

1 to students who have previously
2 been awarded such loans;

3 “(II) the terms and conditions of
4 such loans (including interest rates,
5 fees, available repayment and forgive-
6 ness options, and such other informa-
7 tion as the Secretary determines nec-
8 essary) are—

9 “(aa) using the form devel-
10 oped by the Secretary under
11 paragraph (3), disclosed to the
12 borrower and compared to the
13 terms and conditions of a loan
14 made under part D; and

15 “(bb) at least as favorable to
16 borrowers as the terms and con-
17 ditions of a loan under made
18 under part D, as determined in
19 accordance with such criteria as
20 may be established by the Sec-
21 retary; and

22 “(III) the institution prominently
23 discloses to borrowers the methods
24 and criteria used by the institution to
25 select such loans for the recommenda-

1 tion, promotion, or endorsement de-
2 scribed in clause (I).”; and

3 (2) by adding at the end the following:

4 “(3) COMPARISON FORM.—Not later than 6
5 months after the date of the enactment of the State
6 Loan Access and Student Protection Act, the Sec-
7 retary shall develop a form for the purposes of the
8 disclosure and comparison required under paragraph
9 (1)(B)(iii)(II)(aa).

10 “(4) RULE OF CONSTRUCTION.—Nothing in
11 this subsection shall be construed to require an insti-
12 tution to carry out the actions described in items
13 (aa) and (bb) of paragraph (1)(B)(iii)(I).”.

14 **SEC. 3. INAPPLICABILITY OF TITLE IV NEGOTIATED RULE-**
15 **MAKING REQUIREMENT AND MASTER CAL-**
16 **ENDAR EXCEPTION.**

17 Sections 482(c) and 492 of the Higher Education Act
18 of 1965 (20 U.S.C. 1089(c), 1098a) shall not apply to
19 the amendments made by section 2, or to any regulations
20 promulgated under those amendments.

21 **SEC. 4. EFFECTIVE DATE.**

22 The amendments made by section 2(1) shall be effec-
23 tive with respect to academic year 2014–2015 and each
24 succeeding academic year.

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