

Union Calendar No. 266

116TH CONGRESS
1ST SESSION

H. R. 3621

[Report No. 116-331]

To amend the Fair Credit Reporting Act to remove adverse information for certain defaulted or delinquent private education loan borrowers who demonstrate a history of loan repayment, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 5, 2019

Ms. PRESSLEY introduced the following bill; which was referred to the Committee on Financial Services

DECEMBER 9, 2019

Additional sponsor: Ms. OCASIO-CORTEZ

DECEMBER 9, 2019

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on July 5, 2019]

A BILL

To amend the Fair Credit Reporting Act to remove adverse information for certain defaulted or delinquent private education loan borrowers who demonstrate a history of loan repayment, and for other purposes.

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 “Student Borrower Credit*
5 *Improvement Act”.*

6 **SEC. 2. FINDINGS.**

7 *Congress finds the following:*

8 *(1) The October 2014 report of the Bureau of*
9 *Consumer Financial Protection titled “Annual Re-*
10 *port of the CFPB Student Loan Ombudsman” noted*
11 *many private education loan borrowers, who sought*
12 *to negotiate a modified repayment plan when they*
13 *were experiencing a period of financial distress, were*
14 *unable to get assistance from their loan holders, which*
15 *often resulting in them defaulting on their loans. This*
16 *pattern resembles the difficulty that a significant*
17 *number of mortgage loan borrowers experienced when*
18 *they sought to take responsible steps to work with*
19 *their mortgage loan servicer to avoid foreclosure dur-*
20 *ing the Great Recession.*

21 *(2) Although private student loan holders may*
22 *allow a borrower to postpone payments while enrolled*
23 *in school full-time, many limit this option to a cer-*
24 *tain time period, usually 48 to 66 months. This lim-*
25 *ited time period may not be sufficient for those who*

1 *need additional time to obtain their degree or who*
2 *want to continue their education by pursuing a grad-*
3 *uate or professional degree. The Bureau of Consumer*
4 *Financial Protection found that borrowers who were*
5 *unable to make payments often defaulted or had their*
6 *accounts sent to collections before they were even able*
7 *to graduate.*

8 **SEC. 3. REMOVAL OF ADVERSE INFORMATION FOR CERTAIN**
9 **PRIVATE EDUCATION LOAN BORROWERS.**

10 *(a) IN GENERAL.—The Fair Credit Reporting Act (15*
11 *U.S.C. 1681 et seq.) is amended by inserting after section*
12 *605B the following new section:*

13 **“§605C. Credit rehabilitation for distressed private**
14 **education loan borrowers.**

15 *“(a) IN GENERAL.—A consumer reporting agency may*
16 *not furnish any consumer report containing any adverse*
17 *item of information relating to a delinquent or defaulted*
18 *private education loan of a borrower if the borrower has*
19 *rehabilitated the borrower’s credit with respect to such loan*
20 *by making 9 on-time monthly payments (in accordance*
21 *with the terms and conditions of the borrower’s original*
22 *loan agreement or any other repayment agreement that*
23 *antedates the original agreement) during a period of 10*
24 *consecutive months on such loan after the date on which*
25 *the delinquency or default occurred.*

1 “(b) *INTERRUPTION OF 10-MONTH PERIOD FOR CER-*
2 *TAIN CONSUMERS.—*

3 “(1) *PERMISSIBLE INTERRUPTION OF THE 10-*
4 *MONTH PERIOD.—A borrower may stop making con-*
5 *secutive monthly payments and be granted a grace*
6 *period after which the 10-month period described in*
7 *subsection (a) shall resume. Such grace period shall*
8 *be provided under the following circumstances:*

9 “(A) *With respect to a borrower who is a*
10 *member of the Armed Forces entitled to incentive*
11 *pay for the performance of hazardous duty under*
12 *section 301 of title 37, United States Code, haz-*
13 *ardous duty pay under section 351 of such title,*
14 *or other assignment or special duty pay under*
15 *section 352 of such title, the grace period shall*
16 *begin on the date on which the borrower begins*
17 *such assignment or duty and end on the date*
18 *that is 6 months after the completion of such as-*
19 *signment or duty.*

20 “(B) *With respect to a borrower who resides*
21 *in an area affected by a major disaster or emer-*
22 *gency declared under the Robert T. Stafford Dis-*
23 *aster Relief and Emergency Assistance Act, the*
24 *grace period shall begin on the date on which the*

1 *major disaster or emergency was declared and*
2 *end on the date that is 3 months after such date.*

3 “(2) *OTHER CIRCUMSTANCES.*—

4 “(A) *IN GENERAL.*—*The Bureau may allow*
5 *a borrower demonstrating hardship to stop mak-*
6 *ing consecutive monthly payments and be grant-*
7 *ed a grace period after which the 10-month pe-*
8 *riod described in subsection (a) shall resume.*

9 “(B) *BORROWER DEMONSTRATING HARD-*
10 *SHIP DEFINED.*—*In this paragraph, the term*
11 *‘borrower demonstrating hardship’ means a bor-*
12 *rower or a class of borrowers who, as determined*
13 *by the Bureau, is facing or has experienced un-*
14 *usual extenuating life circumstances or events*
15 *that result in severe financial or personal bar-*
16 *riers such that the borrower or class of borrowers*
17 *does not have the capacity to comply with the re-*
18 *quirements of subsection (a).*

19 “(c) *PROCEDURES.*—*The Bureau shall establish proce-*
20 *dures to implement the credit rehabilitation described in*
21 *this section, including—*

22 “(1) *the manner, content, and form for request-*
23 *ing credit rehabilitation;*

24 “(2) *the method for validating that the borrower*
25 *is satisfying the requirements of subsection (a);*

1 “(3) the manner, content, and form for notifying
2 the private educational loan holder of—

3 “(A) the borrower’s participation in credit
4 rehabilitation under subsection (a);

5 “(B) the requirements described in sub-
6 section (d); and

7 “(C) the restrictions described in subsection
8 (f);

9 “(4) the manner, content, and form for notifying
10 a consumer reporting agency of—

11 “(A) the borrower’s participation in credit
12 rehabilitation under subsection (a); and

13 “(B) the requirements described in sub-
14 section (d);

15 “(5) the method for verifying whether a borrower
16 qualifies for the grace period described in subsection
17 (b);

18 “(6) the manner, content, and form of notifying
19 a consumer reporting agency and private educational
20 loan holder that a borrower was granted a grace pe-
21 riod.

22 “(d) *STANDARDIZED REPORTING CODES.*—A con-
23 sumer reporting agency shall develop standardized report-
24 ing codes for use by any private educational loan holder
25 to identify and report a borrower’s status of making and

1 *completing 9 on-time monthly payments during a period*
2 *of 10 consecutive months on a delinquent or defaulted pri-*
3 *vate education loan, including codes specifying the grace*
4 *period described in subsection (b) and any agreement to*
5 *modify monthly payments. Such codes shall not appear on*
6 *any report provided to a third party, and shall be removed*
7 *from the consumer’s credit report upon the consumer’s com-*
8 *pletion of the rehabilitation period under this section.*

9 “(e) *ELIMINATION OF BARRIERS TO CREDIT REHA-*
10 *BILITATION.*—*A consumer report in which a private edu-*
11 *cational loan holder furnishes the standardized reporting*
12 *codes described in subsection (d) to a consumer reporting*
13 *agency, or in which a consumer reporting agency includes*
14 *such codes, shall be deemed to comply with the requirements*
15 *for accuracy and completeness under sections 623(a)(1) and*
16 *630.*

17 “(f) *PROHIBITION ON CIVIL ACTIONS FOR CONSUMERS*
18 *PURSUING REHABILITATION.*—*A private educational loan*
19 *holder may not commence or proceed with any civil action*
20 *against a borrower with respect to a delinquent or defaulted*
21 *loan during the period of rehabilitation if the private edu-*
22 *cational loan holder has been notified, in accordance with*
23 *the procedures established by the Bureau pursuant to sub-*
24 *section (c)—*

1 “(1) of such borrower’s intent to participate in
2 rehabilitation;

3 “(2) that such borrower has satisfied the require-
4 ments under subsection (a); or

5 “(3) that such borrower was granted a grace pe-
6 riod.

7 “(g) *IMPACT ON STATUTE OF LIMITATIONS FOR PRIOR*
8 *DEBT.*—Payments by a borrower on a private education
9 loan that are made during and after a period of rehabilita-
10 tion under this section shall have no effect on the statute
11 of limitations with respect to payments that were due on
12 such private education loan before the beginning of the pe-
13 riod of rehabilitation.

14 “(h) *PAYMENT PLANS.*—If a private educational loan
15 holder enters into a payment plan with a borrower on a
16 private education loan during a period of rehabilitation,
17 such payment plan shall be reasonable and affordable, as
18 determined by the Bureau.

19 “(i) *RULES OF CONSTRUCTION.*—

20 “(1) *APPLICATION TO SUBSEQUENT DEFAULT OR*
21 *DELINQUENCY.*—A borrower who satisfies the require-
22 ments under subsection (a) shall be eligible for addi-
23 tional credit rehabilitation described in subsection (a)
24 with respect to any subsequent default or delinquency

1 of the borrower on the rehabilitated private education
2 loan.

3 “(2) *INTERRUPTION OF CONSECUTIVE PAYMENT*
4 *PERIOD REQUIREMENT.*—*The grace period described*
5 *in subsection (b)(1)(A) shall not apply if any regula-*
6 *tion promulgated under section 987 of title 10,*
7 *United States Code (commonly known as the Military*
8 *Lending Act), or the Servicemembers Civil Relief Act*
9 *(50 U.S.C. App. 501 et seq.) allows for a grace period*
10 *or other interruption of the 10-month period described*
11 *in subsection (a) and such grace period or other inter-*
12 *ruption is longer than the period described in sub-*
13 *section (b)(1)(A) or otherwise provides greater protec-*
14 *tion or benefit to the borrower who is a member of the*
15 *Armed Forces.”.*

16 (b) *CONFORMING AMENDMENT.*—*Section 623(a)(1) of*
17 *the Fair Credit Reporting Act (15 U.S.C. 1681s-2(a)(1))*
18 *is amended by striking subparagraph (E).*

19 (c) *TABLE OF CONTENTS AMENDMENT.*—*The table of*
20 *contents of the Fair Credit Reporting Act is amended by*
21 *inserting after the item relating to section 605B the fol-*
22 *lowing new item:*

 “605C. *Credit rehabilitation for distressed private education loan borrowers.*”.

1 **SEC. 4. PRIVATE EDUCATION LOAN DEFINITIONS.**

2 *Section 603 of the Fair Credit Reporting Act (15*
3 *U.S.C. 1681a) is amended by adding at the end the fol-*
4 *lowing new subsection:*

5 *“(bb) PRIVATE EDUCATION LOAN DEFINITIONS.—The*
6 *terms ‘private education loan’ and ‘private educational*
7 *lender’ have the meanings given such terms, respectively,*
8 *in section 140(a) of the Truth in Lending Act.”.*

9 **SEC. 5. RULEMAKING.**

10 *Except as otherwise provided, the Bureau of Consumer*
11 *Financial Protection shall, not later than the end of the*
12 *2-year period beginning on the date of the enactment of this*
13 *Act, issue final rules to implement the amendments made*
14 *by this Act.*

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