

**Suspend the Rules and Pass the Bill, H.R. 890, with An Amendment****(The amendment strikes all after the enacting clause and inserts a new text)**110TH CONGRESS  
1ST SESSION**H. R. 890**

To establish requirements for lenders and institutions of higher education in order to protect students and other borrowers receiving educational loans.

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**IN THE HOUSE OF REPRESENTATIVES**

FEBRUARY 7, 2007

Mr. GEORGE MILLER of California (for himself, Mr. HINOJOSA, Mr. BISHOP of New York, Mr. COURTNEY, Mr. YARMUTH, Mr. TIERNEY, Mrs. DAVIS of California, Mr. GRJALVA, Mr. DAVIS of Illinois, Mr. MICHAUD, Mr. McDERMOTT, Ms. MATSUI, and Mr. VAN HOLLEN) introduced the following bill; which was referred to the Committee on Committee on Education and Labor, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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**A BILL**

To establish requirements for lenders and institutions of higher education in order to protect students and other borrowers receiving educational loans.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Student Loan Sun-  
3 shine Act”.

4 **SEC. 2. INSTITUTION AND LENDER REPORTING AND DIS-**  
5 **CLOSURE REQUIREMENTS.**

6 Title I of the Higher Education Act of 1965 (20  
7 U.S.C. 1001 et seq.) is amended by adding at the end  
8 the following:

9 **“PART E—LENDER AND INSTITUTION REQUIRE-**  
10 **MENTS RELATING TO EDUCATIONAL LOANS**

11 **“SEC. 151. DEFINITIONS.**

12 “In this part:

13 “(1) COVERED INSTITUTION.—The term ‘cov-  
14 ered institution’—

15 “(A) means any educational institution  
16 that offers a postsecondary educational degree,  
17 certificate, or program of study (including any  
18 institution of higher education, as such term is  
19 defined in section 102) and receives any Fed-  
20 eral funding or assistance; and

21 “(B) includes an agent of the educational  
22 institution (including an alumni association,  
23 booster club, or other organization directly or  
24 indirectly associated with such institution) or  
25 employee of such institution.

1           “(2) EDUCATIONAL LOAN.—The term ‘edu-  
2           cational loan’ (except when used as part of the term  
3           ‘private educational loan’) means—

4                   “(A) any loan made, insured, or guaran-  
5                   teed under title IV; or

6                   “(B) a private educational loan (as defined  
7                   in paragraph (6)).

8           “(3) PREFERRED LENDER ARRANGEMENT.—  
9           The term ‘preferred lender arrangement’ means an  
10           arrangement or agreement between a lender and a  
11           covered institution—

12                   “(A) under which arrangement or agree-  
13                   ment a lender provides or otherwise issues edu-  
14                   cational loans to the students attending the cov-  
15                   ered institution or the parents of such students;  
16                   and

17                   “(B) which arrangement or agreement re-  
18                   lates to the covered institution recommending,  
19                   promoting, endorsing, or using the educational  
20                   loan product of the lender.

21           “(4) LENDER.—

22                   “(A) IN GENERAL.—The term ‘lender’—

23                           “(i) means a creditor, except that  
24                           such term shall not include an issuer of

1 credit secured by a dwelling or under an  
2 open end credit plan; and

3 “(ii) includes an agent of a lender.

4 “(B) INCORPORATION OF TILA DEFINI-  
5 TIONS.—The terms ‘creditor’, ‘dwelling’ and  
6 ‘open end credit plan’ have the meanings given  
7 such terms in section 103 of the Truth in  
8 Lending Act (15 U.S.C. 1602).

9 “(5) OFFICER.—The term ‘officer’ includes a  
10 director or trustee of an institution.

11 “(6) PRIVATE EDUCATIONAL LOAN.—The term  
12 ‘private educational loan’ means a private loan pro-  
13 vided by a lender that—

14 “(A) is not made, insured, or guaranteed  
15 under title IV; and

16 “(B) is issued by a lender expressly for  
17 postsecondary educational expenses to a stu-  
18 dent, or the parent of the student, regardless of  
19 whether the loan involves enrollment certifi-  
20 cation by the educational institution that the  
21 student attends.

22 “(7) POSTSECONDARY EDUCATIONAL EX-  
23 PENSES.—The term ‘postsecondary educational ex-  
24 penses’ means any of the expenses that are included

1 as part of a student's cost of attendance, as defined  
2 under section 472.

3 **“SEC. 152. REQUIREMENTS FOR LENDERS AND INSTITU-**  
4 **TIONS PARTICIPATING IN PREFERRED LEND-**  
5 **ER ARRANGEMENTS.**

6 “(a) CERTIFICATION BY LENDERS.—In addition to  
7 any other disclosure required under Federal law, each  
8 lender that participates in one or more preferred lender  
9 arrangements shall annually certify to the Secretary that  
10 all of the preferred lender arrangements in which it par-  
11 ticipates is in compliance with the requirements of this  
12 Act. Such compliance of such preferred lender arrange-  
13 ment shall be reported on and attested to annually by the  
14 auditor of such lender in the audit conducted pursuant  
15 to section 428(b)(1)(U)(iii).

16 “(b) PROVISION OF LOAN INFORMATION.—A lender  
17 may not provide a private educational loan to a student  
18 attending a covered institution with which the lender has  
19 a preferred lender arrangement, or the parent of such stu-  
20 dent, until the covered institution has informed the stu-  
21 dent or parent of their remaining options for borrowing  
22 under title IV, including information on any terms and  
23 conditions of available loans under such title that are more  
24 favorable to the borrower.

25 “(c) USE OF INSTITUTION NAME.—

1           “(1) IN GENERAL.—A covered institution that  
2           has entered into a preferred lender arrangement  
3           with a lender regarding private educational loans  
4           shall not allow the lender to use the name, emblem,  
5           mascot, or logo of the institution, or other words,  
6           pictures, or symbols readily identified with the insti-  
7           tution, in the marketing of private educational loans  
8           to the students attending the institution in any way  
9           that implies that the institution endorses the private  
10          educational loans offered by the lender.

11          “(2) APPLICABILITY.—Paragraph (1) shall  
12          apply to any preferred lender arrangement, or exten-  
13          sion of such arrangement, entered into or renewed  
14          after the date of enactment of the Student Loan  
15          Sunshine Act.

16       **“SEC. 153. INTEREST RATE REPORT FOR INSTITUTIONS**  
17                               **AND LENDERS PARTICIPATING IN PRE-**  
18                               **FERRED LENDER ARRANGEMENTS.**

19          “(a) DUTIES OF THE SECRETARY.—

20               “(1) REPORT AND MODEL FORMAT.—Not later  
21               than 180 days after the date of enactment of the  
22               Student Loan Sunshine Act, the Secretary shall—

23                       “(A) prepare a report on the adequacy of  
24                       the information provided to students and the  
25                       parents of such students about educational

1 loans, after consulting with students, represent-  
2 atives of covered institutions (including finan-  
3 cial aid administrators, registrars, and business  
4 officers), lenders, loan servicers, and guaranty  
5 agencies;

6 “(B) develop and prescribe by regulation a  
7 model disclosure form to be used by lenders and  
8 covered institutions in carrying out subsections  
9 (b) and (c) that—

10 “(i) will be easy for students and par-  
11 ents to read and understand;

12 “(ii) will be easily usable by lenders,  
13 institutions, guaranty agencies, and loan  
14 servicers;

15 “(iii) will provide students and par-  
16 ents with the relevant information about  
17 the terms and conditions for both Federal  
18 and private educational loans;

19 “(iv) is based on the report’s findings  
20 and developed in consultation with—

21 “(I) students;

22 “(II) representatives from insti-  
23 tutions of higher education, including  
24 financial aid administrators, reg-

1 istrars, business officers, and student  
2 affairs officials;

3 “(III) lenders;

4 “(IV) loan servicers;

5 “(V) guaranty agencies; and

6 “(VI) with respect to the require-  
7 ments of clause (vi) concerning pri-  
8 vate educational loans, the Board of  
9 Governors of the Federal Reserve Sys-  
10 tem;

11 “(v) provides information on the ap-  
12 plicable interest rates and other terms and  
13 conditions of the educational loans pro-  
14 vided by a lender to students attending the  
15 institution, or the parents of such stu-  
16 dents, disaggregated by each type of edu-  
17 cational loans provided to such students or  
18 parents by the lender, including—

19 “(I) the interest rate of the loan;

20 “(II) any fees associated with the  
21 loan;

22 “(III) the repayment terms avail-  
23 able on the loan;

24 “(IV) the opportunity for  
25 deferment or forbearance in repay-

1                   ment of the loan, including whether  
2                   the loan payments can be deferred if  
3                   the student is in school;

4                   “(V) any additional terms and  
5                   conditions applied to the loan, includ-  
6                   ing any benefits that are contingent  
7                   on the repayment behavior of the bor-  
8                   rower;

9                   “(VI) the annual percentage rate  
10                  for such loans, computed determined  
11                  in the manner required under section  
12                  107 of the Truth in Lending Act (15  
13                  U.S.C. 1606) on the basis of the ac-  
14                  tual net disbursed amount of the loan;

15                  “(VII) the average amount bor-  
16                  rowed from the lender by students en-  
17                  rolled in the institution who obtain  
18                  loans of such type from the lender for  
19                  the preceding academic year;

20                  “(VIII) the average interest rate  
21                  on such loans provided to such stu-  
22                  dents for the preceding academic year;

23                  “(IX) contact information for the  
24                  lender; and

1                   “(X) any philanthropic contribu-  
2                   tions made by the lender to the cov-  
3                   ered institution; and

4                   “(vi) provides, in addition, with re-  
5                   spect to private educational loans, the fol-  
6                   lowing information with respect to loans  
7                   made by each lender recommended by the  
8                   covered institution:

9                   “(I) the method of determining  
10                  the interest rate of the loan;

11                  “(II) whether, and under what  
12                  conditions, early repayment may be  
13                  available without penalty;

14                  “(III) late payment penalties;  
15                  and

16                  “(IV) such other information as  
17                  the Secretary may require; and

18                  “(C)(i) submit the report and model dislo-  
19                  sure form to the Committee on Health, Edu-  
20                  cation, Labor, and Pensions of the Senate and  
21                  the Committee on Education and Labor of the  
22                  House of Representatives; and

23                  “(ii) make the report and model disclosure  
24                  form available to covered institutions, lenders,  
25                  and the public.

1           “(2) MODEL FORM UPDATE.—Not later than 1  
2           year after the submission of the report and model  
3           disclosure form described in paragraph (1)(B), the  
4           Secretary shall—

5                   “(A) assess the adequacy of the model dis-  
6                   closure form;

7                   “(B) after consulting with students, rep-  
8                   resentatives of covered institutions (including fi-  
9                   nancial aid administrators, registrars, and busi-  
10                  ness officers), lenders, loan servicers, and guar-  
11                  anty agencies—

12                           “(i) prepare a list of any improve-  
13                           ments to the model disclosure form that  
14                           have been identified as beneficial to bor-  
15                           rowers; and

16                           “(ii) update the model disclosure form  
17                           after taking such improvements into con-  
18                           sideration; and

19                           “(C)(i) submit the list of improvements  
20                           and updated model disclosure form to the Com-  
21                           mittee on Health, Education, Labor, and Pen-  
22                           sions of the Senate and the Committee on Edu-  
23                           cation and Labor of the House of Representa-  
24                           tives; and

1           “(ii) make updated model disclosure form  
2           available to covered institutions, lenders, and  
3           the public.

4           “(3) USE OF FORM.—The Secretary shall take  
5           such steps as necessary to make the model disclo-  
6           sure form, and any updated model disclosure form,  
7           available to covered institutions and to encourage—

8                   “(A) lenders subject to subsection (b) to  
9                   use the model disclosure form or updated model  
10                  disclosure form (if available) in providing the  
11                  information required under subsection (b); and

12                   “(B) covered institutions to use such for-  
13                  mat in preparing the information reported  
14                  under subsection (c).

15           “(4) PROCEDURES.—Sections 482(c) and 492  
16           of this Act shall not apply to the model disclosure  
17           form in the regulations prescribed under paragraph  
18           (1)(B), but shall apply to the updating of such form  
19           under paragraph (2).

20           “(b) LENDER DUTIES.—Each lender that has a pre-  
21           ferred lender arrangement with a covered institution shall  
22           annually, by a date determined by the Secretary, provide  
23           to the covered institution and to the Secretary the infor-  
24           mation included on the model disclosure form or an up-  
25           dated model disclosure form (if available) for each type

1 of educational loan provided by the lender to students at-  
2 tending the covered institution, or the parents of such stu-  
3 dents, for the preceding academic year.

4 “(c) COVERED INSTITUTION REPORTS.—Each cov-  
5 ered institution shall—

6 “(1) prepare and submit to the Secretary an  
7 annual report, by a date determined by the Sec-  
8 retary, that includes, for each lender that has a pre-  
9 ferred lender arrangement with the covered institu-  
10 tion and that has submitted to the institution the in-  
11 formation required under subsection (b)—

12 “(A) the information included on the  
13 model disclosure form or updated model disclo-  
14 sure form (if available) for each type of edu-  
15 cational loan provided by the lender to students  
16 attending the covered institution, or the parents  
17 of such students; and

18 “(B) a detailed explanation of why the cov-  
19 ered institution believes the terms and condi-  
20 tions of each type of educational loan provided  
21 pursuant to the agreement are beneficial for  
22 students attending the covered institution, or  
23 the parents of such students; and

24 “(2) ensure that the report required under  
25 paragraph (1) is made available to the public and

1 provided to students attending or planning to attend  
2 the covered institution, and the parents of such stu-  
3 dents, in time for the student or parent to take such  
4 information into account before applying for or se-  
5 lecting an educational loan.

6 “(d) DISCLOSURES BY COVERED INSTITUTIONS.—A  
7 covered institution shall disclose, on its website and in the  
8 informational materials described in subsection (e)—

9 “(1) a statement that—

10 “(A) indicates that students are not lim-  
11 ited to or required to use the lenders the insti-  
12 tutions recommends; and

13 “(B) the institution is required to process  
14 the documents required to obtain a loan from  
15 any eligible lender the student selects;

16 “(2) at a minimum, all of the information pro-  
17 vided by the model disclosure form prescribed under  
18 subsection (a)(1)(B) with respect to any lender rec-  
19 ommended by the institution for Federal student  
20 loans and, as applicable, private educational loans;

21 “(3) the maximum amount of Federal grant  
22 and loan aid available to students in an easy-to-un-  
23 derstand format; and

24 “(4) the institution’s cost of attendance (as de-  
25 termined under section 472).



1 loans that are made, insured, or guaranteed under  
2 title IV.

3 **“SEC. 155. INTEGRITY PROVISIONS.**

4 “(a) INSTITUTION CODE OF CONDUCT REQUIRED.—

5 “(1) CODE OF CONDUCT.—Each institution of  
6 higher education that participates in the Federal  
7 student loan programs under title IV or has stu-  
8 dents that obtain private educational loans shall—

9 “(A) develop a code of conduct in accord-  
10 ance with paragraph (2) with which its officers,  
11 employees, and agents shall comply with respect  
12 to educational loans;

13 “(B) publish the code of conduct promi-  
14 nently on its website; and

15 “(C) administer and enforce such code in  
16 accordance with the requirements of this sub-  
17 section.

18 “(2) CONTENTS OF CODE.—The code required  
19 by this section shall—

20 “(A) prohibit a conflict of interest or the  
21 appearance of a conflict of interest with the re-  
22 sponsibilities of such officer, employee, or agent  
23 with respect to student loans or other financial  
24 aid; and

1           “(B) at a minimum, include provisions in  
2           compliance with the provisions of the following  
3           subsections of this section.

4           “(3) TRAINING AND COMPLIANCE.—An institu-  
5           tion of higher education shall administer and enforce  
6           a code of conduct required by this section by, at a  
7           minimum, requiring all of its officers, employees,  
8           and agents with responsibilities with respect to stu-  
9           dent loans or other financial aid to obtain training  
10          annually in compliance with the code.

11          “(b) GIFT BAN.—

12           “(1) PROHIBITION.—A lender, guarantor, or  
13           servicer of educational loans shall not offer any gift  
14           to an officer, employee, or agent of a covered institu-  
15           tion.

16           “(2) INSPECTOR GENERAL REPORT.—The In-  
17           spector General of the Department of Education  
18           shall investigate any reported violation of this sub-  
19           section and shall annually submit a report to the  
20           Committee on Health, Education, Labor, and Pen-  
21           sions of the Senate and the Committee on Education  
22           and Labor of the House of Representatives identi-  
23           fying all reported violations of the gift ban under  
24           paragraph (1), including the lenders involved in each  
25           such violation, for the preceding year.

1 “(3) DEFINITION OF GIFT.—

2 “(A) IN GENERAL.—In this subsection, the  
3 term ‘gift’ means any gratuity, favor, discount,  
4 entertainment, hospitality, loan, or other item  
5 having a monetary value of more than a de  
6 minimus amount. The term includes a gift of  
7 services, transportation, lodging, or meals,  
8 whether provided in kind, by purchase of a tick-  
9 et, payment in advance, or reimbursement after  
10 the expense has been incurred.

11 “(B) EXCEPTIONS.—The term ‘gift’ shall  
12 not include any of the following:

13 “(i) Standard informational material  
14 related to a loan or financial literacy, such  
15 as a brochure.

16 “(ii) Food, refreshments, training, or  
17 informational material furnished to an offi-  
18 cer, employee, or agent of an institution as  
19 an integral part of a training session that  
20 is designed to improve the lender’s service  
21 to the covered institution, if such training  
22 contributes to the professional development  
23 of the officer, employee, or agent of the in-  
24 stitution.

1           “(iii) Favorable terms, conditions, and  
2           borrower benefits on an educational loan  
3           provided to a student employed by the cov-  
4           ered institution if such terms, conditions,  
5           or benefits are comparable to those pro-  
6           vided to all students of the institution.

7           “(iv) Exit counseling services provided  
8           to borrowers to meet a covered institution’s  
9           responsibilities for exit counseling as re-  
10          quired by section 485(b) provided that—

11                   “(I) a covered institution’s staff  
12                   are in control of the counseling  
13                   (whether in person or via electronic  
14                   capabilities); and

15                   “(II) such counseling does not  
16                   promote the products or services of  
17                   any lender.

18           “(C) RULE FOR GIFTS TO FAMILY MEM-  
19          BERS.—For purposes of this section, a gift to  
20          a family member of an officer, employee, or  
21          agent of a covered institution, or a gift to any  
22          other individual based on that individual’s rela-  
23          tionship with the officer, employee, or agent,  
24          shall be considered a gift to the officer, em-  
25          ployee, or agent if—

1           “(i) the gift is given with the knowl-  
2           edge and acquiescence of the officer, em-  
3           ployee, or agent; and

4           “(ii) the officer, employee, or agent  
5           has reason to believe the gift was given be-  
6           cause of the official position of the officer,  
7           employee, or agent.

8           “(c) FEES FROM LENDERS FOR SERVICE PROHIB-  
9           ITED.—An officer, employee, or agent who is employed in  
10          the financial aid office of the institution, or who otherwise  
11          has responsibilities with respect to educational loans or  
12          other financial aid, shall not accept from any lender or  
13          affiliate of any lender (as the term affiliate is defined in  
14          section 487(a)) any fee, payment, or other financial ben-  
15          efit (including the opportunity to purchase stock) as com-  
16          pensation for consulting services, serving on an advisory  
17          council, or otherwise advising such lender or affiliate.

18          “(d) BAN ON EDUCATIONAL LOAN ARRANGE-  
19          MENTS.—

20                 “(1) PROHIBITION.—An institution of higher  
21                 education shall not enter into any educational loan  
22                 arrangement with any lender.

23                 “(2) DEFINITION.—For purposes of this sub-  
24                 section, an educational loan arrangement is an ar-  
25                 rangement between an institution of higher edu-

1 cation (or an agent of the institution) and a lender  
2 under which—

3 “(A) a lender provides or issues edu-  
4 cational loans to students attending the institu-  
5 tion or to parents of such students;

6 “(B) the institution recommends the lender  
7 or the loan products of the lender; and

8 “(C) the lender pays a fee or provides  
9 other material benefits, including profit or rev-  
10 enue sharing, to the institution or officers, em-  
11 ployees, or agents of the institution.

12 “(e) BAN ON STAFFING ASSISTANCE.—

13 “(1) PROHIBITION.—An institution of higher  
14 education shall not request or accept from any lend-  
15 er any assistance with call center staffing or finan-  
16 cial aid office staffing.

17 “(2) CERTAIN ASSISTANCE PERMITTED.—Noth-  
18 ing in paragraph (1) shall be construed to prohibit  
19 an institution from requesting or accepting assist-  
20 ance from a lender related to—

21 “(A) professional development training for  
22 financial aid administrators; or

23 “(B) providing educational counseling ma-  
24 terials, financial literacy materials, or debt  
25 management materials to borrowers, provided

1           that such materials disclose to borrowers the  
2           identification of any lender that assisted in pre-  
3           paring or providing such materials.

4           “(f) BAN ON OPPORTUNITY POOLS.—An institution  
5           of higher education shall not request, accept, or consider  
6           from any lender any offer of funds to be used for private  
7           educational loans to students in exchange for the covered  
8           institution providing concessions or promises to the lender,  
9           and a lender shall not make any such offer.

10          “(g) BAN ON PARTICIPATION ON ADVISORY COUN-  
11          CILS.—An officer, employee, or agent who is employed in  
12          the financial aid office of a covered institution, or who oth-  
13          erwise has responsibilities with respect to educational  
14          loans or other financial aid, shall not serve on or otherwise  
15          participate with advisory councils of lenders or affiliates  
16          of lenders. Nothing in this subsection shall prohibit lend-  
17          ers from seeking advice from covered institutions or  
18          groups of covered institutions (including through tele-  
19          phonic or electronic means, or a meeting) in order to im-  
20          prove products and services for borrowers, provided there  
21          are no gifts or compensation (including for transportation,  
22          lodging, or related expenses) provided by lenders in con-  
23          nection with seeking this advice from such institutions.

1 **“SEC. 156. COMPLIANCE AND ENFORCEMENT.**

2 “(a) **CONDITION OF ANY FEDERAL ASSISTANCE.—**

3 Notwithstanding any other provision of law, a covered in-  
4 stitution or lender shall comply with this part as a condi-  
5 tion of receiving Federal funds or assistance provided after  
6 the date of enactment of the Student Loan Sunshine Act.

7 “(b) **PENALTIES.—**Notwithstanding any other provi-  
8 sion of law, if the Secretary determines, after providing  
9 notice and an opportunity for a hearing for a covered insti-  
10 tution or lender, that the covered institution or lender has  
11 violated subsection (a)—

12 “(1) in the case of a covered institution, or a  
13 lender that does not participate in a loan program  
14 under title IV, the Secretary may impose a civil pen-  
15 alty in an amount of not more than \$25,000; and

16 “(2) in the case of a lender that does partici-  
17 pate in a program under title IV, the Secretary may  
18 limit, terminate, or suspend the lender’s participa-  
19 tion in such program.

20 “(c) **CONSIDERATIONS.—**In taking any action against  
21 a covered institution or lender under subsection (b), the  
22 Secretary shall take into consideration the nature and se-  
23 verity of the violation of subsection (a).”.

1 **SEC. 3. PROGRAM PARTICIPATION AGREEMENTS.**

2 Section 487(a) of the Higher Education Act of 1965  
3 (20 U.S.C. 1094(a)) is amended by adding at the end the  
4 following:

5 “(24)(A) In the case of an institution (including  
6 an officer (including a director or trustee), employee,  
7 or agent of an institution) that maintains a pre-  
8 ferred lender list, in print or any other medium,  
9 through which the institution recommends 1 or more  
10 specific lenders for educational loans (as such term  
11 is defined in section 151 of this Act, but excluding  
12 loans under part D of this title) to the students at-  
13 tending the institution (or the parents of such stu-  
14 dents), the institution will—

15 “(i) clearly and fully disclose on the pre-  
16 ferred lender list—

17 “(I) why the institution has included  
18 each lender as a preferred lender, espe-  
19 cially with respect to terms and conditions  
20 favorable to the borrower; and

21 “(II) that the students attending the  
22 institution (or the parents of such stu-  
23 dents) do not have to borrow from a lender  
24 on the preferred lender list;

1           “(ii) ensure, through the use of the list  
2 provided by the Secretary under subparagraph  
3 (C), that—

4           “(I) there are not less than 3 lenders  
5 named on the each preferred lending list  
6 offered by the institution that are not af-  
7 filiates of each other; and

8           “(II) the preferred lender list—

9           “(aa) specifically indicates, for  
10 each lender on the list, whether the  
11 lender is or is not an affiliate of each  
12 other lender on the list; and

13           “(bb) if the lender is an affiliate  
14 of another lender on the list, describes  
15 the specifics of such affiliation;

16           “(iii) establish and prominently disclose a  
17 process to ensure that lenders are placed upon  
18 the preferred lender list on the basis of the ben-  
19 efits provided to borrowers, including —

20           “(I) highly competitive interest rates,  
21 terms, or conditions for loans made under  
22 part B;

23           “(II) high-quality servicing for such  
24 loans; or

1                   “(III) additional benefits beyond the  
2                   standard terms and conditions for such  
3                   loans;

4                   “(iv) exercise a duty of care and a duty of  
5                   loyalty to compile the preferred lender list with-  
6                   out prejudice and for the sole benefit of the stu-  
7                   dent;

8                   “(v) not deny or otherwise impede the bor-  
9                   rower’s choice of a lender or cause unnecessary  
10                  delays in loan certification under this title for  
11                  those borrowers who choose a lender than has  
12                  not been recommended or suggested by the in-  
13                  stitution.

14                  “(B) For the purposes of subparagraph  
15                  (A)(ii)—

16                         “(i) the term ‘affiliate’ means a person  
17                         that controls, is controlled by, or is under com-  
18                         mon control with another person; and

19                         “(ii) a person controls, is controlled by, or  
20                         is under common control with another person  
21                         if—

22                                 “(I) the person directly or indirectly,  
23                                 or acting through 1 or more others, owns,  
24                                 controls, or has the power to vote 5 per-

1 cent or more of any class of voting securi-  
2 ties of such other person;

3 “(II) the person controls, in any man-  
4 ner, the election of a majority of the direc-  
5 tors or trustees of such other person; or

6 “(III) the Secretary determines (after  
7 notice and opportunity for a hearing) that  
8 the person directly or indirectly exercises a  
9 controlling interest over the management  
10 or policies of such other person.

11 “(C) The Secretary shall maintain and update  
12 a list of lender affiliates of all eligible lenders, and  
13 shall provide such list to the eligible institutions for  
14 use in carrying out subparagraph (A).”

15 **SEC. 4. NOTICE OF AVAILABILITY OF FUNDS FROM FED-**  
16 **ERAL SOURCES.**

17 Section 128 of the Truth in Lending Act (15 U.S.C.  
18 1638) is amended by adding at the end the following:

19 “(e) DISCLOSURES RELATING TO PRIVATE EDU-  
20 CATIONAL LOANS.—

21 “(1) IN GENERAL.—In the case of an extension  
22 of credit that is a private educational loan, other  
23 than a loan secured by a dwelling or an open end  
24 credit plan, the creditor shall provide in every appli-  
25 cation for such extensions of credit and together

1 with any solicitation, marketing, or advertisement of  
2 such extensions of credit, written, electronic, or oth-  
3 erwise, the disclosures described in paragraph (2).

4 “(2) DISCLOSURES.—Disclosures required by  
5 this subsection shall include a clear and prominent  
6 statement—

7 “(A) that the borrower may qualify for  
8 Federal financial assistance through a program  
9 under title IV of the Higher Education Act of  
10 1965, in lieu of or in addition to a loan from  
11 a non-Federal source;

12 “(B) that in many cases, a Federal stu-  
13 dent loan may provide the consumer with more  
14 beneficial terms and conditions, including a  
15 lower annual percentage rate and fewer and  
16 lower fees, than private educational loans;

17 “(C) that the consumer may obtain addi-  
18 tional information concerning such Federal fi-  
19 nancial assistance from their institution of  
20 higher education or at the website of the De-  
21 partment of Education; and

22 “(D) such other information as the Board  
23 may require.

24 “(3) CLEAR AND CONSPICUOUS DISCLOSURE.—  
25 The disclosure required under paragraph (2) shall be

1 placed in a conspicuous and prominent location on  
2 or with any written application, solicitation, or other  
3 document or paper relating to any extension of cred-  
4 it consisting of or involving a private educational  
5 loan for which such disclosure is required under this  
6 subsection.

7 “(4) WRITTEN ACKNOWLEDGMENT OF RE-  
8 CEIPT.—In each case in which a disclosure is pro-  
9 vided pursuant to paragraph (2) and an application  
10 initiated, a creditor shall obtain a written acknowl-  
11 edgment from the consumer that the consumer has  
12 read and understood the disclosure.

13 “(5) ADDITIONAL DISCLOSURES.—In the case  
14 of an extension of credit that is a private educational  
15 loan, other than a loan secured by a dwelling or an  
16 open end credit plan, the creditor shall make avail-  
17 able, in a clear and accessible manner (including  
18 through the website of the creditor), the information  
19 required by sections 153(a)(1)(B)(iv) and (v) of the  
20 Higher Education Act of 1965.

21 “(6) PROVISION OF INFORMATION.—Before a  
22 creditor may issue any funds with respect to an ex-  
23 tension of credit described in paragraph (1) for an  
24 amount equal to more than \$1,000, the creditor  
25 shall notify the relevant postsecondary educational

1 institution, in writing, of the proposed extension of  
2 credit and the amount thereof.

3 “(7) REGULATORY AUTHORITY.—The Board—

4 “(A) shall issue such rules and regulations  
5 as may be necessary to implement this sub-  
6 section; and

7 “(B) may, by rule, establish appropriate  
8 exceptions to the requirements of this sub-  
9 section.

10 “(8) DEFINITIONS.—As used in this subsection,  
11 the terms ‘private educational loan’ and ‘covered in-  
12 stitution’ have the same meanings as in section 151  
13 of the Higher Education Act of 1965.”.

14 **SEC. 5. IMPROVED INFORMATION CONCERNING THE FED-**  
15 **ERAL STUDENT FINANCIAL AID WEBSITE.**

16 Section 131 of the Higher Education Act of 1965 (20  
17 U.S.C. 1015) is amended by adding at the end the fol-  
18 lowing new subsection:

19 “(e) PROMOTION OF THE DEPARTMENT OF EDU-  
20 CATION FEDERAL STUDENT FINANCIAL AID WEBSITE.—  
21 The Secretary—

22 “(1) shall display a link to the Federal student  
23 financial aid website of the Department of Edu-  
24 cation in a prominent place on the homepage of the  
25 Department of Education website; and

1           “(2) may use administrative funds available for  
2           the Department’s operations and expenses for the  
3           purpose of advertising and promoting the availability  
4           of the Federal student financial aid website.

5           “(f) PROMOTION OF AVAILABILITY OF INFORMATION  
6 CONCERNING STUDENT FINANCIAL AID PROGRAMS OF  
7 OTHER DEPARTMENTS AND AGENCIES.—

8           “(1) AVAILABILITY OF INFORMATION.—The  
9           Secretary shall ensure that the eligibility require-  
10          ments, application procedures, financial terms and  
11          conditions, and other relevant information for each  
12          non-departmental student financial assistance pro-  
13          gram are easily accessible through the Federal stu-  
14          dent financial aid website and are incorporated into  
15          the search matrix on such website in a manner that  
16          permits students and parents to readily identify the  
17          programs that are appropriate to their needs and eli-  
18          gibility.

19          “(2) AGENCY RESPONSE.—Each Federal de-  
20          partment and agency shall promptly respond to sur-  
21          veys or other requests for the information required  
22          by paragraph (1), and shall identify for the Sec-  
23          retary any non-departmental student financial as-  
24          sistance program operated, sponsored, or supported  
25          by such Federal department or agency.

1           “(3) DEFINITION.—For purposes of this sub-  
2           section, the term ‘non-departmental student finan-  
3           cial assistance program’ means any grant, loan,  
4           scholarship, fellowship, or other form of financial aid  
5           for students pursuing a postsecondary education  
6           that is—

7                   “(A) distributed directly to the student or  
8                   to the student’s account at the institution of  
9                   higher education; and

10                   “(B) operated, sponsored, or supported by  
11                   a Federal department or agency other than the  
12                   Department of Education.”.