

## **The College Opportunity and Affordability Act**

### **Protecting Borrowers of Federal and Private Student Loans**

*As the cost of college continues to rise, America's students and families are depending more on loans to help pay for college. But as investigations into the student loan industry have revealed, today's students face a federal student loan program undermined by conflicts of interest and questionable lender practices, and aggressive – and often deceptive – marketing campaigns waged by private student lenders. To ensure that both the federal and private education loan programs work in the best interests of students, H.R. 4137 would:*

#### **Clean Up Conflicts of Interest and Reinstate Trust in Schools**

- Requires institutions and lenders to adopt strict codes of conduct.
- Requires institutions to fully disclose all relationships with lenders.
- Bans all gifts and revenue sharing agreements between institutions and lenders offering federal and private loans.
- Prohibits college financial aid officials from participating on lender advisory boards.
- Bans all lenders offering federal and private student loans from co-branding their loans with the institution's name, emblem, mascot, or logo in any way that implies a school's endorsement.

#### **Ensure Borrowers Have Access to the Best Loan Possible**

- Allows "Preferred Lender Lists" on campuses *only* with strict assurances that the list was created in the best interests of students.
- Ensures that students have access to all lenders of their choice, including those not on their institution's "Preferred Lender List."

#### **Provide Borrowers with Full and Fair Information When Taking Out and Repaying Loans**

- Requires lenders offering private loans to first inform students of their federal borrowing options.
- Requires that all exit counseling be provided with the school's involvement and requires that students are informed of all possible repayment options.
- Ensures that all lenders are up-front about borrower benefits and follow all 'Truth in Lending Act' provisions.
- Requires institutions to certify for lenders a borrower's enrollment status, cost of attendance, and remaining financial need after available federal student aid, and requires lenders to inform institutions of the amount of the proposed private loan.
- Requires lenders to fully disclose to borrowers the terms and conditions of private loans at three different stages of the loan application process, including during loan marketing and solicitation; and requires lenders to obtain a written acknowledgement of receipt of these disclosures from the borrower.

#### **Protect the Interests of Federal and Private Loan Consumers**

- Prohibits private loan lenders from charging borrowers fees for paying off their loans early.
- Requires lenders to give applicants up to 30 days following the approval of a loan to accept it with no changes in terms or conditions.
- Grants borrowers up to 3 days to change their minds after private loan consummation.
- Require lenders and institutions to prominently disclose all loan terms, conditions and incentives.
- Instill enforceable marketing protections, including disclosures and notifications, to students and institutions by lenders offering private loans.