

**AMENDMENT TO H.R. 4137**  
**OFFERED BY MR. GRIJALVA OF ARIZONA AND**  
**MR. BISHOP OF NEW YORK**

**Cohort default rates**

After section 426 of the bill, insert the following new section (and redesignate the succeeding sections and conform the table of contents accordingly):

**1 SEC. 427. COHORT DEFAULT RATES.**

2 Section 435(m) (20 U.S.C. 1085(m)) is amended—

3 (1) in the first sentence of paragraph (1)(A), by  
4 striking “the end of the following fiscal year” and  
5 inserting “the third fiscal year following the fiscal  
6 year in which the students entered repayment”;

7 (2) in paragraph (1)(C), by striking “at the end  
8 of the fiscal year immediately following the year in  
9 which they entered repayment” and inserting “the  
10 third fiscal year following the year in which they en-  
11 tered repayment”;

12 (3) in paragraph (2)(C), by striking “end of  
13 such following fiscal year is not considered as in de-  
14 fault for the purposes of this subsection” and insert-  
15 ing “third fiscal year following the year in which the

1 loan entered repayment is not considered as in de-  
2 fault for purposes of this subsection”; and

3 (4) by amending paragraph (4)(A) to read as  
4 follows:

5 “(4) COLLECTION AND REPORTING OF COHORT  
6 DEFAULT RATES AND LIFE OF COHORT DEFAULT  
7 RATES.—(A) The Secretary shall collect data from  
8 all insurers under this part and shall publish not  
9 less often than once every fiscal year a report show-  
10 ing cohort default data and life of cohort default  
11 data for each category of institution, including (i) 4-  
12 year public institutions, (ii) 4-year private institu-  
13 tions, (iii) 2-year public institutions, (iv) 2-year pri-  
14 vate institutions, (v) 4-year proprietary institutions,  
15 (vi) 2-year proprietary institutions, and (vii) less  
16 than 2-year proprietary institutions. For purposes of  
17 this subparagraph, the life of cohort default rate  
18 means, for any fiscal year in which 1 or more cur-  
19 rent and former students at an institution enter re-  
20 payment on loans under section 428, 428A, or  
21 428H, received for attendance at the institution, the  
22 percentage of those current and former students who  
23 enter repayment on such loans (or on the portion of  
24 a loan made under section 428C that is used to  
25 repay any such loans) received for attendance at the

- 1 institution in that fiscal year who default before the
- 2 end of each succeeding fiscal year.”.

**AMENDMENT TO H.R. 4137**  
**OFFERED BY MR. GRIJALVA OF ARIZONA**  
**Loan counseling**

After section 156 of the Higher Education Act of 1965, as added by section 111 of the bill, insert the following new section (and redesignate the succeeding sections accordingly):

1 **“SEC. 157. STUDENT LOAN COUNSELING.**

2       “(a) **BORROW CONTACT.**—

3               “(1) **FFEL LOANS.**—Each holder of a loan  
4 under part B of title IV shall contact the borrower  
5 each year after five years has passed from the date  
6 that a borrower first selected either a graduated, ex-  
7 tended, income sensitive, or income contingent re-  
8 payment plan to ascertain if the borrower is able to  
9 select a repayment plan with a shorter repayment  
10 period that would reduce the total interest paid on  
11 the borrower’s loan or loans under this part.

12               “(2) **DIRECT LOANS.**—The Secretary shall con-  
13 tact the borrower of each loan under part D or E  
14 of title IV each year after five years has passed from  
15 the date that a borrower first selected either an ex-  
16 tended, graduated, income contingent, or alternative

1        repayment plan to ascertain if the borrower is able  
2        to select a repayment plan for a shorter repayment  
3        period that would reduce the total interest paid on  
4        the borrower's loan under this part.

5        “(b) REQUIRED DISCLOSURE BEFORE DISBURSE-  
6        MENT.—

7            “(1) DISCLOSURES BEFORE REPAYMENT.—

8        Each lender of a loan under part B of title IV, and  
9        the Secretary with respect to each loan under part  
10       D or E of such title, shall provide to the borrower  
11       before repayment begins an explanation of principal  
12       to be borrowed, current balance, interest already  
13       paid, and interest due over the life of the loan, op-  
14       tions by which borrowers may avoid or be removed  
15       from default, relevant fees associated with these op-  
16       tions, and repayment options available to the bor-  
17       rower entering repayment, including income-conti-  
18       gent repayment and income based repayment.

19            “(2) DISCLOSURES DURING REPAYMENT.—

20        Each lender of a loan under part B of title IV, and  
21        the Secretary with respect to each loan under part  
22        D or E of such title, shall provide to the borrower  
23        during repayment an explanation of principal bor-  
24        rowed, current balance, interest already paid and in-  
25        terest due over the life of the loan, options by which

1 borrowers may avoid or be removed from default,  
2 relevant fees associated with these options, and re-  
3 payment options available to the borrower entering  
4 repayment, including income-contingent repayment  
5 and income based repayment. Each such lender and  
6 the Secretary shall also notify the borrower who tells  
7 the lender that the borrower is having difficulty  
8 making payments under the repayment options  
9 available, including, but not limited to forbearance.  
10 Each such lender and the Secretary shall make an  
11 explanation of repayment options available to the  
12 borrower, including income-contingent repayment  
13 and forbearance, before the loan is disbursed, before  
14 repayment, and during repayment if the borrower  
15 notifies the Secretary that the borrower is having  
16 difficulty making payments.

17 “(c) INSTITUTIONAL COUNSELING.—

18 “(1) IN GENERAL.—Each institution of higher  
19 education shall, through financial aid officers or oth-  
20 erwise, make available counseling to borrowers of  
21 loans which are made, insured, or guaranteed under  
22 part B (other than loans made pursuant to section  
23 428B) of this title or made under part D or E of  
24 this title prior to their signing the first promissory  
25 note. The counseling shall include—

1           “(A) average indebtedness of borrowers at  
2           that school, to be supplied by the Secretary;

3           “(B) sample monthly repayment amounts  
4           based on a range of student levels of indebted-  
5           ness and on the average indebtedness of Staf-  
6           ford loan borrowers at the same school or in the  
7           same program of study at the same school;

8           “(C) data to be supplied by the Secretary  
9           on starting salaries for graduates of institutions  
10          by type and control of institution, and field of  
11          study;

12          “(D) repayment options available to the  
13          borrower when entering repayment, including  
14          income-contingent repayment and income-based  
15          repayment;

16          “(E) detail to be supplied by the Secretary  
17          on how interest accrues and is capitalized dur-  
18          ing periods when it is not being paid by either  
19          the borrower or the Secretary;

20          “(F) the likely consequences of default, in-  
21          cluding adverse credit reports, Federal offset,  
22          and litigation.

23          “(2) USE OF ELECTRONIC MEANS.—If initial  
24          counseling is conducted through interactive elec-  
25          tronic means, the institution of higher education

1 must take reasonable steps to ensure that each stu-  
2 dent borrower receives the counseling materials, and  
3 participates in and completes the initial counseling.

4 “(d) DEPARTMENT OF EDUCATION INFORMATION  
5 DISCLOSURE AND TECHNICAL ASSISTANCE.—

6 “(1) OBLIGATION.—The Department of Edu-  
7 cation shall display on its website and provide the  
8 following information to colleges and universities to  
9 be used for counseling and consumer information for  
10 prospective borrowers:

11 “(A) Regional data on starting salaries in  
12 all major fields.

13 “(B) The increase in debt that results  
14 from forbearance on all loans and from capital-  
15 ization of interest on unsubsidized loans.

16 “(C) The various repayment options avail-  
17 able in the Federal student loan programs, in-  
18 cluding the availability of the Income-Contin-  
19 gent Repayment (ICR) program and the new  
20 Income-Based Repayment programs (IBR).

21 “(D) The Federal government’s powers to  
22 collect student loans, even when student bor-  
23 rowers are in bankruptcy.

24 “(2) PUBLICITY.—The Secretary shall make  
25 this web site widely known among the public, institu-



1 tions, and lenders, and to promote its use by pro-  
2 spective students, enrolled students, and borrowers  
3 after entering repayment.”.