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(Original Signature of Member)

117TH CONGRESS
1ST SESSION

H. R. _____

To amend the Truth in Lending Act to clarify the regulation of private educational lending practices, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Truth in Lending Act to clarify the regulation of private educational lending practices, 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 “Private Student Loan
5 Parity Act of 2021”.

1 **SEC. 2. CLARIFICATION OF THE REGULATION OF PRIVATE**
2 **EDUCATIONAL LENDING PRACTICES.**

3 (a) IN GENERAL.—Section 140 of the Truth in Lend-
4 ing Act (15 U.S.C. 1650) is amended—

5 (1) in subsection (a)—

6 (A) in paragraph (2), by amending sub-
7 paragraph (A) to read as follows:

8 “(A) means any provider of postsecondary
9 education; and”;

10 (B) in paragraph (5), by inserting before
11 the semicolon the following: “, regardless of
12 whether the student incurring such an expense
13 pursues a postsecondary education from an in-
14 stitution of higher education or a provider of
15 postsecondary education other than an institu-
16 tion of higher education”;

17 (C) in paragraph (8)—

18 (i) in subparagraph (A)(ii), by strik-
19 ing “regardless of” and all that follows
20 through “educational lender” and inserting
21 the following: “regardless of—

22 “(I) whether the loan is provided
23 through the institution or provider of
24 postsecondary education that the sub-
25 ject student attends or directly to the

1 borrower from the private educational
2 lender; or

3 “(II) whether some or all of the
4 postsecondary education financed by
5 the private education loan has already
6 been provided;”;

7 (ii) by amending subparagraph (B) to
8 read as follows:

9 “(B) does not include—

10 “(i) an extension of credit under an
11 open-end consumer credit plan, unless such
12 open-end credit is extended expressly for
13 postsecondary education expenses;

14 “(ii) a reverse mortgage transaction;

15 “(iii) a residential mortgage trans-
16 action; or

17 “(iv) any other loan that is secured by
18 real property or a dwelling;”.

19 (D) by redesignating paragraph (9) as
20 paragraph (10); and

21 (E) by inserting after paragraph 8 the fol-
22 lowing:

23 “(9) the term ‘provider of postsecondary edu-
24 cation’ means a person that—

1 “(A) is an institution of higher education;

2 or

3 “(B) otherwise offers a recognized postsec-
4 ondary credential, as defined under section 3 of
5 the Workforce Innovation and Opportunity Act
6 (29 U.S.C. 3102); and”;

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

8 “(h) PROHIBITION ON REPRESENTATIONS REGARD-
9 ING REPAYMENT.—It shall be unlawful for any private
10 education lender to represent to a borrower or cosigner
11 that a private education loan is not a ‘loan’, ‘debt’, or
12 ‘credit’ or make any other misrepresentations about the
13 borrower’s obligation to repay a private education loan.”.

14 (b) STUDY ON INCOME SHARE AGREEMENTS.—Not
15 later than 180 days after the date of enactment of this
16 Act, the Director of the Bureau of Consumer Financial
17 Protection shall issue a report to the Committee on Finan-
18 cial Services of the House of Representatives and the
19 Committee on Banking, Housing, and Urban Affairs of
20 the Senate analyzing loan volume, performance, terms and
21 conditions, pricing, loan repayment, and default in the
22 marketplace for private education loans with income-con-
23 tingent repayment features, including income share agree-
24 ments.

1 (c) CIVIL LIABILITY.—Subsection (j) of section 130
2 of the Truth in Lending Act (15 U.S.C. 1640) is amended
3 to read as follows:

4 “(j) PRIVATE EDUCATIONAL LENDER.—Notwith-
5 standing any other limitations on the award of damages
6 established under this section, a person who violates sub-
7 section (b), (c), (d), (e), (g), or (h) of section 140, with
8 respect to another person, shall be liable to such other per-
9 son in an amount equivalent to the sum of—

10 “(1) any actual damage sustained by such other
11 person as a result of the failure;

12 “(2) in the case of an individual action, not less
13 than \$500 per violation;

14 “(3) in the case of a class action, such an
15 amount as the court may allow, except that as to
16 each member of the class an award shall not be for
17 an amount less than \$500 per violation; and

18 “(4) in the case of any successful action to en-
19 force the foregoing liability, the costs of the action,
20 together with a reasonable attorney’s fee as deter-
21 mined by the court.”.