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 Parity Act of 2021”.

5
SEC. 2. CLARIFICATION OF THE REGULATION OF PRIVATE EDUCATIONAL LENDING PRACTICES.

(a) IN GENERAL.—Section 140 of the Truth in Lending Act (15 U.S.C. 1650) is amended—

(1) in subsection (a)—

(A) in paragraph (2), by amending subparagraph (A) to read as follows:

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

(B) in paragraph (5), by inserting before the semicolon the following: “, regardless of whether the student incurring such an expense pursues a postsecondary education from an institution of higher education or a provider of postsecondary education other than an institution of higher education”;

(C) in paragraph (8)—

(i) in subparagraph (A)(ii), by striking “regardless of” and all that follows through “educational lender” and inserting the following: “regardless of—

“(I) whether the loan is provided through the institution or provider of postsecondary education that the subject student attends or directly to the
borrower from the private educational lender; or

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

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

“(B) does not include—

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

“(ii) a reverse mortgage transaction;

“(iii) a residential mortgage transaction; or

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

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

(E) by inserting after paragraph 8 the following:

“(9) the term ‘provider of postsecondary education’ means a person that—
“(A) is an institution of higher education;

or

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

(2) by adding at the end the following:

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

(b) STUDY ON INCOME SHARE AGREEMENTS.—Not later than 180 days after the date of enactment of this Act, the Director of the Bureau of Consumer Financial Protection shall issue a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate analyzing loan volume, performance, terms and conditions, pricing, loan repayment, and default in the marketplace for private education loans with income-contingent repayment features, including income share agreements.
(c) CIVIL LIABILITY.—Subsection (j) of section 130 of the Truth in Lending Act (15 U.S.C. 1640) is amended to read as follows:

“(j) PRIVATE EDUCATIONAL LENDER.—Notwithstanding any other limitations on the award of damages established under this section, a person who violates subsection (b), (c), (d), (e), (g), or (h) of section 140, with respect to another person, shall be liable to such other person in an amount equivalent to the sum of—

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

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

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

“(4) in the case of any successful action to enforce the foregoing liability, the costs of the action, together with a reasonable attorney’s fee as determined by the court.”.