AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 5287
OFFERED BY MR. LAWSON OF FLORIDA

[Amendment to the Fair Student Loan Debt Collection
Practices Act]

Strike all after the enacting clause and insert the
following:

1 SECTION 1. SHORT TITLE.
2 This Act may be cited as the “Fair Student Loan
3 Debt Collection Practices Act”.

4 SEC. 2. COLLECTION RESTRICTIONS WITH RESPECT TO
5 FEDERAL STUDENT LOANS.
6 (a) IN GENERAL.—The Fair Debt Collection Prac-
7 tices Act (15 U.S.C. 1692 et seq.) is amended—
8 (1) by inserting after section 811 the following:
9 “§ 811A. Collection restrictions with respect to Fed-
10 eral student loans
11 “(a) Prohibition on Collecting From Bor-
12 rowers Below Certain Income Guidelines.—A debt
13 collector may not attempt to collect a Federal student loan
14 debt from a borrower during any period of time when a
15 similarly situated borrower would be entitled to make a
zero dollar payment under an income-driven repayment plan.

“(b) Limitation on Amounts Collected Based on Certain Income Guidelines.—During any 1-month period, a debt collector may not attempt to collect from a borrower an amount with respect to a Federal student loan debt that exceeds the amount that a similarly situated borrower would be required to make for such month under an income-driven repayment plan.

“(c) Rule of Construction.—Nothing in subsection (a) or (b) may be construed to prohibit a debt collector from—

“(1) establishing a repayment arrangement made pursuant to section 428F of the Higher Education Act of 1965 (20 U.S.C. 1078–6);

“(2) collecting or attempting to collect a payment from a defaulted borrower owed pursuant to an arrangement described in paragraph (1); or

“(3) accepting a voluntary payment of any amount from a borrower.

“(d) Certification Before Accepting Payment.—A debt collector may not accept any payment with respect to a Federal student loan debt unless the debt collector first certifies to the borrower that the borrower is not eligible for any administrative discharge of such debt.
“(e) DEFINITIONS.—In this section:

“(1) DEBT COLLECTOR.—The term ‘debt collector’—

“(A) has the meaning given the term under section 803; and

“(B) means any other person that enters into a contract with the Secretary of Education pursuant to section 456 of the Higher Education Act of 1965 (20 U.S.C. 1087f) to collect on a loan made, insured, or guaranteed under title IV of such Act (20 U.S.C. 1070 et seq.).

“(2) FEDERAL STUDENT LOAN.—The term ‘Federal student loan’ means a loan made, insured, or guaranteed under title IV of the Higher Education Act of 1965.

“(3) FEDERAL STUDENT LOAN DEBT.—The term ‘Federal student loan debt’ means a debt with respect to a Federal student loan.

“(5) SIMILARLY SITUATED BORROWER.—With respect to a borrower, the term ‘similarly situated borrower’ means another borrower that has the same income and family size characteristics.”; and

(2) in the table of contents for such Act, by inserting after the item relating to section 811 the following:

“811A. Collection restrictions with respect to Federal student loans.”.

(b) DEBT WAIVER REQUIREMENTS.—Section 3711(g) of the title 31, United States Code, is amended by adding at the end the following:

“(11) The Secretary of the Treasury shall, before making a determination at the request of the Secretary of Education under paragraph (2)(B), require the Secretary of Education to establish regulations or procedures approved by the Secretary of the Treasury—

“(A) to ensure that any entity awarded a contract pursuant to section 456 of the Higher Education Act of 1965 (20 U.S.C. 1087f) to collect payments from student loan borrowers in default complies with the requirements of the Fair Debt Collection Practices Act;

“(B) to ensure that any entity awarded a contract pursuant to section 456 of the Higher Education Act of 1965 (20 U.S.C. 1087f) to collect payments from student loan borrowers in default has
access to the presumptive income driven repayment
amount for the individual borrower sufficient to
comply with sections 811A of the Fair Debt Collection
Practices Act; and

“(C) to ensure that any use by the Secretary of
Education of the wage garnishment authority pursuant to section 488A of the Higher Education Act of
1965 (20 U.S.C. 1095a) be limited to—

“(i) the collection of debts from borrowers
who would not otherwise be entitled to loan
cancellation, discharge, or forgiveness under
any applicable provision of the Higher Edu-
cation Act of 1965; and

“(ii) the collection of debts from borrowers
for amounts less than or equal to the payment
that would be required under an income-driven
repayment plan for a similarly situated bor-
rower (as such terms are defined, respectively,
under section 811A(d) of the Fair Debt Collection
Practices Act).

“(12) The Secretary of the Treasury shall, upon mak-
ing a determination at the request of the Secretary of
Education under paragraph (2)(B), notify the Director of
the Bureau of Consumer Financial Protection of such de-
termination.”.
(c) Waiver Review and Evaluation.—Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury shall—

(1) review and evaluate any determination made at the request of the Secretary of Education under section 3711(g)(2)(B) of title 31, United States Code; and

(2) rescind or reissue such a determination to comply with the requirements established by paragraph (11) of such section, as added by subsection (b).

(d) Effective Date of Debt Collection Consumer Protections.—

(1) In General.—Section 811A of the Fair Debt Collection Practices Act, as added by subsection (a), shall take effect on the earlier of—

(A) the date on which the Director of the Bureau of Consumer Financial Protection receives a notice pursuant to section 3711(g)(12) of title 31, United States Code; or

(B) the end of the 365-day period beginning on the date of enactment of this Act.

(2) Notice to Public.—The Director of the Bureau of Consumer Financial Protection shall, upon receipt of a notice pursuant to section
3711(g)(12) of title 31, United States Code, immediately notify the Congress and the public of the receipt of such notice, including through the website of the Bureau.