To amend the Fair Debt Collection Practices Act to prohibit debt collectors from collecting on certain Federal student loan debt when the borrower would not be required to make payments under an income-driven repayment plan, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. LAWSON of Florida introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Fair Debt Collection Practices Act to prohibit debt collectors from collecting on certain Federal student loan debt when the borrower would not be required to make payments under an income-driven repayment plan, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Fair Student Loan Debt Collection Practices Act”.

(Original Signature of Member)
SEC. 2. COLLECTION RESTRICTIONS WITH RESPECT TO FEDERAL STUDENT LOANS.

(a) In General.—The Fair Debt Collection Practices Act (15 U.S.C. 1692 et seq.) is amended—

(1) by inserting after section 811 the following:

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

“(a) Prohibition on collecting from borrowers below certain income guidelines.—A debt collector may not attempt to collect a Federal student loan debt from a borrower during any period of time when a similarly situated borrower would not be required to make a 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) 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.

“(d) 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 in-
serting after the item relating to section 811 the fol-
lowing:

“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 Sec-
etary of Education to establish regulations or procedures
approved by the Secretary of the Treasury—

“(A) to ensure that any entity awarded a con-
tract pursuant to section 456 of the Higher Edu-
cation Act of 1965 (20 U.S.C. 1087f) to collect pay-
ments from student loan borrowers in default com-
plies with the requirements of the Fair Debt Collect-
ion Practices Act; and

“(B) to ensure that any use by the Secretary of
Education of the wage garnishment authority pursu-
ant 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 Education 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 borrower (as such terms are defined, respectively, under section 811A(d) of the Fair Debt Collection Practices Act).”.

(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) of this Act.