

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 3621  
OFFERED BY MS. PRESSLEY OF MASSACHUSETTS**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Student Borrower  
3 Credit Improvement Act”.

**4 SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) The October 2014 report of the Bureau of  
7 Consumer Financial Protection titled “Annual Re-  
8 port of the CFPB Student Loan Ombudsman”  
9 noted many private education loan borrowers, who  
10 sought to negotiate a modified repayment plan when  
11 they were experiencing a period of financial distress,  
12 were unable to get assistance from their loan hold-  
13 ers, which often resulting in them defaulting on  
14 their loans. This pattern resembles the difficulty  
15 that a significant number of mortgage loan bor-  
16 rowers experienced when they sought to take respon-  
17 sible steps to work with their mortgage loan servicer  
18 to avoid foreclosure during the Great Recession.

1           (2) Although private student loan holders may  
2           allow a borrower to postpone payments while en-  
3           rolled in school full-time, many limit this option to  
4           a certain time period, usually 48 to 66 months. This  
5           limited time period may not be sufficient for those  
6           who need additional time to obtain their degree or  
7           who want to continue their education by pursuing a  
8           graduate or professional degree. The Bureau of Con-  
9           sumer Financial Protection found that borrowers  
10          who were unable to make payments often defaulted  
11          or had their accounts sent to collections before they  
12          were even able to graduate.

13 **SEC. 3. REMOVAL OF ADVERSE INFORMATION FOR CER-**  
14                   **TAIN PRIVATE EDUCATION LOAN BOR-**  
15                   **ROWERS.**

16          (a) IN GENERAL.—The Fair Credit Reporting Act  
17          (15 U.S.C. 1681 et seq.) is amended by inserting after  
18          section 605B the following new section:

19 **“§ 605C. Credit rehabilitation for distressed private**  
20                   **education loan borrowers.**

21          “(a) IN GENERAL.—A consumer reporting agency  
22          may not furnish any consumer report containing any ad-  
23          verse item of information relating to a delinquent or de-  
24          faulted private education loan of a borrower if the bor-  
25          rower has rehabilitated the borrower’s credit with respect

1 to such loan by making 9 on-time monthly payments (in  
2 accordance with the terms and conditions of the bor-  
3 rower's original loan agreement or any other repayment  
4 agreement that antedates the original agreement) during  
5 a period of 10 consecutive months on such loan after the  
6 date on which the delinquency or default occurred.

7 “(b) INTERRUPTION OF 10-MONTH PERIOD FOR  
8 CERTAIN CONSUMERS.—

9 “(1) PERMISSIBLE INTERRUPTION OF THE 10-  
10 MONTH PERIOD.—A borrower may stop making con-  
11 secutive monthly payments and be granted a grace  
12 period after which the 10-month period described in  
13 subsection (a) shall resume. Such grace period shall  
14 be provided under the following circumstances:

15 “(A) With respect to a borrower who is a  
16 member of the Armed Forces entitled to incen-  
17 tive pay for the performance of hazardous duty  
18 under section 301 of title 37, United States  
19 Code, hazardous duty pay under section 351 of  
20 such title, or other assignment or special duty  
21 pay under section 352 of such title, the grace  
22 period shall begin on the date on which the bor-  
23 rower begins such assignment or duty and end  
24 on the date that is 6 months after the comple-  
25 tion of such assignment or duty.

1           “(B) With respect to a borrower who re-  
2 sides in an area affected by a major disaster or  
3 emergency declared under the Robert T. Staf-  
4 ford Disaster Relief and Emergency Assistance  
5 Act, the grace period shall begin on the date on  
6 which the major disaster or emergency was de-  
7 clared and end on the date that is 3 months  
8 after such date.

9           “(2) OTHER CIRCUMSTANCES.—

10           “(A) IN GENERAL.—The Bureau may  
11 allow a borrower demonstrating hardship to  
12 stop making consecutive monthly payments and  
13 be granted a grace period after which the 10-  
14 month period described in subsection (a) shall  
15 resume.

16           “(B) BORROWER DEMONSTRATING HARD-  
17 SHIP DEFINED.—In this paragraph, the term  
18 ‘borrower demonstrating hardship’ means a  
19 borrower or a class of borrowers who, as deter-  
20 mined by the Bureau, is facing or has experi-  
21 enced unusual extenuating life circumstances or  
22 events that result in severe financial or personal  
23 barriers such that the borrower or class of bor-  
24 rowers does not have the capacity to comply  
25 with the requirements of subsection (a).

1           “(c) PROCEDURES.—The Bureau shall establish pro-  
2 cedures to implement the credit rehabilitation described  
3 in this section, including—

4           “(1) the manner, content, and form for request-  
5 ing credit rehabilitation;

6           “(2) the method for validating that the bor-  
7 rower is satisfying the requirements of subsection  
8 (a);

9           “(3) the manner, content, and form for noti-  
10 fying the private educational loan holder of—

11           “(A) the borrower’s participation in credit  
12 rehabilitation under subsection (a);

13           “(B) the requirements described in sub-  
14 section (d); and

15           “(C) the restrictions described in sub-  
16 section (f);

17           “(4) the manner, content, and form for noti-  
18 fying a consumer reporting agency of—

19           “(A) the borrower’s participation in credit  
20 rehabilitation under subsection (a); and

21           “(B) the requirements described in sub-  
22 section (d);

23           “(5) the method for verifying whether a bor-  
24 rower qualifies for the grace period described in sub-  
25 section (b);

1           “(6) the manner, content, and form of notifying  
2           a consumer reporting agency and private educational  
3           loan holder that a borrower was granted a grace pe-  
4           riod.

5           “(d) STANDARDIZED REPORTING CODES.—A con-  
6           sumer reporting agency shall develop standardized report-  
7           ing codes for use by any private educational loan holder  
8           to identify and report a borrower’s status of making and  
9           completing 9 on-time monthly payments during a period  
10          of 10 consecutive months on a delinquent or defaulted pri-  
11          vate education loan, including codes specifying the grace  
12          period described in subsection (b) and any agreement to  
13          modify monthly payments. Such codes shall not appear on  
14          any report provided to a third party, and shall be removed  
15          from the consumer’s credit report upon the consumer’s  
16          completion of the rehabilitation period under this section.

17          “(e) ELIMINATION OF BARRIERS TO CREDIT REHA-  
18          BILITATION.—A consumer report in which a private edu-  
19          cational loan holder furnishes the standardized reporting  
20          codes described in subsection (d) to a consumer reporting  
21          agency, or in which a consumer reporting agency includes  
22          such codes, shall be deemed to comply with the require-  
23          ments for accuracy and completeness under sections  
24          623(a)(1) and 630.

1       “(f) PROHIBITION ON CIVIL ACTIONS FOR CON-  
2 SUMERS PURSUING REHABILITATION.—A private edu-  
3 cational loan holder may not commence or proceed with  
4 any civil action against a borrower with respect to a delin-  
5 quent or defaulted loan during the period of rehabilitation  
6 if the private educational loan holder has been notified,  
7 in accordance with the procedures established by the Bu-  
8 reau pursuant to subsection (c)—

9           “(1) of such borrower’s intent to participate in  
10       rehabilitation;

11           “(2) that such borrower has satisfied the re-  
12       quirements under subsection (a); or

13           “(3) that such borrower was granted a grace  
14       period.

15       “(g) IMPACT ON STATUTE OF LIMITATIONS FOR  
16 PRIOR DEBT.—Payments by a borrower on a private edu-  
17 cation loan that are made during and after a period of  
18 rehabilitation under this section shall have no effect on  
19 the statute of limitations with respect to payments that  
20 were due on such private education loan before the begin-  
21 ning of the period of rehabilitation.

22       “(h) PAYMENT PLANS.—If a private educational loan  
23 holder enters into a payment plan with a borrower on a  
24 private education loan during a period of rehabilitation,

1 such payment plan shall be reasonable and affordable, as  
2 determined by the Bureau.

3 “(i) RULES OF CONSTRUCTION.—

4 “(1) APPLICATION TO SUBSEQUENT DEFAULT  
5 OR DELINQUENCY.—A borrower who satisfies the re-  
6 quirements under subsection (a) shall be eligible for  
7 additional credit rehabilitation described in sub-  
8 section (a) with respect to any subsequent default or  
9 delinquency of the borrower on the rehabilitated pri-  
10 vate education loan.

11 “(2) INTERRUPTION OF CONSECUTIVE PAY-  
12 MENT PERIOD REQUIREMENT.—The grace period de-  
13 scribed in subsection (b)(1)(A) shall not apply if any  
14 regulation promulgated under section 987 of title  
15 10, United States Code (commonly known as the  
16 Military Lending Act), or the Servicemembers Civil  
17 Relief Act (50 U.S.C. App. 501 et seq.) allows for  
18 a grace period or other interruption of the 10-month  
19 period described in subsection (a) and such grace pe-  
20 riod or other interruption is longer than the period  
21 described in subsection (b)(1)(A) or otherwise pro-  
22 vides greater protection or benefit to the borrower  
23 who is a member of the Armed Forces.”.



1 (b) CONFORMING AMENDMENT.—Section 623(a)(1)  
2 of the Fair Credit Reporting Act (15 U.S.C. 1681s-  
3 2(a)(1)) is amended by striking subparagraph (E).

4 (c) TABLE OF CONTENTS AMENDMENT.—The table  
5 of contents of the Fair Credit Reporting Act is amended  
6 by inserting after the item relating to section 605B the  
7 following new item:

“605C. Credit rehabilitation for distressed private education loan borrowers who  
demonstrate a history of loan repayment.”.

8 **SEC. 4. PRIVATE EDUCATION LOAN DEFINITIONS.**

9 Section 603 of the Fair Credit Reporting Act (15  
10 U.S.C. 1681a) is amended by adding at the end the fol-  
11 lowing new subsection:

12 “(bb) PRIVATE EDUCATION LOAN DEFINITIONS.—  
13 The terms ‘private education loan’ and ‘private edu-  
14 cational lender’ have the meanings given such terms, re-  
15 spectively, in section 140(a) of the Truth in Lending  
16 Act.”.

17 **SEC. 5. RULEMAKING.**

18 Except as otherwise provided, the Bureau of Con-  
19 sumer Financial Protection shall, not later than the end  
20 of the 2-year period beginning on the date of the enact-  
21 ment of this Act, issue final rules to implement the amend-  
22 ments made by this Act.

