

117TH CONGRESS
1ST SESSION

S. 2984

To establish that a State-based education loan program is excluded from certain requirements relating to a preferred lender arrangement.

IN THE SENATE OF THE UNITED STATES

OCTOBER 7, 2021

Ms. MURKOWSKI (for herself, Mr. REED, Mr. BRAUN, and Mr. HOEVEN) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To establish that a State-based education loan program is excluded from certain requirements relating to a preferred lender arrangement.

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 “State-Based Education
5 Loan Awareness Act”.

6 **SEC. 2. STATE-BASED EDUCATION LOAN PROGRAMS.**

7 Section 151 of the Higher Education Act of 1965 (20
8 U.S.C. 1019) is amended—

9 (1) in paragraph (8)(B)—

1 (A) in clause (i), by striking “or” after the
 2 semicolon;

3 (B) in clause (ii), by striking the period at
 4 the end and inserting a semicolon; and

5 (C) by adding at the end the following:

6 “(iii) arrangements or agreements
 7 with respect to education loans made
 8 under a State-based education loan pro-
 9 gram; or

10 “(iv) arrangements or agreements
 11 with respect to education loans funded, in-
 12 sured, or guaranteed by any other Federal
 13 agency that is not the Department of Edu-
 14 cation.”; and

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

16 “(10) STATE-BASED EDUCATION LOAN PRO-
 17 GRAM.—The term ‘State-based education loan pro-
 18 gram’ means an education loan program that—

19 “(A) is provided by a State agency, State
 20 authority, or nonprofit organization, separately
 21 or jointly;

22 “(B) makes loans that are not funded, in-
 23 sured, or guaranteed by the Federal Govern-
 24 ment;

1 “(C) is authorized, established, or char-
2 tered by State law, or otherwise approved by
3 the State;

4 “(D) offers one or more loans for which
5 the interest rate and fees, as calculated in ac-
6 cordance with sections 106 and 107 of the
7 Truth in Lending Act (15 U.S.C. 1605; 1606),
8 are at least as favorable as the interest rate and
9 fees of the Direct PLUS loans authorized under
10 part D of title IV at the time such loan is origi-
11 nated; and

12 “(E) is available only to a borrower who
13 has been advised by an institution of higher
14 education (as defined under section 102)—

15 “(i) that the borrower has the oppor-
16 tunity to exhaust eligibility for Federal
17 education loans made under part D of title
18 IV prior to accepting a private education
19 loan; and

20 “(ii) of the interest rates, fees, and
21 benefits of such Federal education loans,
22 including income-driven repayment options,
23 opportunities for loan forgiveness, forbear-

- 1 ance or deferment options, interest sub-
- 2 sidies, and tax benefits.”.

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