AccessLex INSTITUTE®

April 24, 2018

Honorable Jeb Hensarling
Chairman
House Financial Services Committee
2129 Rayburn House Office Building
Washington, DC 20515

Honorable Maxine Waters
Ranking Member
House Financial Services Committee
4340 Thomas P. O'Neill, Jr. Federal Office Building
Washington, DC 20024

Dear Chairman Hensarling and Ranking Member Waters:

AccessLex Institute urges the House Financial Services committee to include the various protections for student loan borrowers contained within S. 2155, the *Economic Growth, Regulatory Relief, and Consumer Protection Act*, in any final version of a similar Financial Services bill sent to the President.

AccessLex Institute, in partnership with its nearly 200 nonprofit and state-affiliated ABA-approved member law schools, has been committed to improving access to legal education and to maximizing the affordability and value of a law degree since 1983. As a leading research, policy and educational institute and nonprofit holder of both Federally-guaranteed and private, credit-based education loans, AccessLex Institute has long advocated for responsible borrowing, offered quality counseling and other relevant and timely information to student borrowers, and encouraged diligent repayment by borrowers.

The student loan provisions contained in the *Economic Growth, Regulatory Relief, and Consumer Protection Act* provide consumer protections to borrowers and financial education best practices to borrowers and institutions. These reforms are much needed, and we ask that the House maintain the following provisions in its Financial Services bill:

- *Section 601 – Protections in the Event of Death or Bankruptcy*
  This section provides protection against automatically defaulting or accelerating repayment for student borrowers solely due to the death or bankruptcy of one or more cosigners. It also directs lenders to provide borrowers with an option to designate legal authority upon death, thereby allowing lenders and borrowers alike to plan accordingly. Finally, it aligns private lenders with federal loan policy by mandating that cosigners be released from their obligations if the student borrower passes. All of these provisions ensure that lenders do not utilize unfortunate events to their advantage when a loan is otherwise being paid as agreed.

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- *Section 602 – Rehabilitation of Private Education Loans*
  This section allows a consumer to request that a lender remove a reported default of a private education loan from the borrower's credit report if the borrower meets the requirements of the lender's loan rehabilitation program. This provision ensures that borrowers who have successfully completed loan rehabilitation and have thereby demonstrated the desire and ability to repay their loans are not unduly disadvantaged in the credit market. Moreover, this section provides the necessary flexibility for lenders to work with borrowers to ensure their financial obligations are met.

- *Section 603 – Best Practices for Higher Education Financial Literacy*
  This section directs the statutory Financial Literacy and Education Commission to establish best practices for higher education institutions regarding financial literacy skills and making student borrowing decisions. We agree that improving financial literacy, along with providing high-quality, relevant information, is key to empowering students and families to make more informed decisions. For that reason, AccessLex Institute provides free and comprehensive financial education programming and resources to help students and graduates confidently manage their finances. Collecting and reporting best practices for financial literacy is sound education and fiscal policy and should be a welcomed resource for institutions.

If these provisions are enacted, AccessLex Institute plans to act immediately to help our borrowers take full advantage of these protections.

Thank you for your time and attention to this matter. If you have any questions, please do not hesitate to contact me or Nancy Conneely, Director of Policy, at nconneely@accesslex.org.

Sincerely,

Christopher P. Chapman
President and Chief Executive Officer