104–106, which is set out as a note under section 2304 of Title 10, Armed Forces.

PRIOR PROVISIONS

A prior section 1018a, Pub. L. 89–329, title I, § 142, as added Pub. L. 100–418, title VI, § 6201, Aug. 23, 1988, 102 Stat. 1515, related to grants for literacy corps programs, prior to the general amendment of this subchapter by Pub. L. 102–325.

AMENDMENTS

2008—Subsec. (b)(1). Pub. L. 110–315, § 118(1)(A), struck out ''for information systems supporting the programs authorized under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42'' after ''enter into contracts'' and ''and'' after semicolon.

Subsec. (b)(2), (3). Pub. L. 110–315, § 118(1)(B), (C), substituted ''; and'' for period at end of par. (2) and added par. (3).

Subsec. (c)(2). Pub. L. 110–315, § 118(2), added par. (2) and struck out former par. (2). Prior to amendment, text read as follows: ''The Chief Operating Officer shall, when appropriate and consistent with the purposes of the PBO, acquire services related to the subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 delivery system from any entity that has the capability and capacity to meet the requirements for the system. The Chief Operating Officer is authorized to pay fees that are equivalent to those paid by other entities to an organization that provides an information system or service that meets the requirements of the PBO, as determined by the Chief Operating Officer.''

Subsec. (d)(2)(B). Pub. L. 110–315, § 118(3), struck out ''on Federal Government contracts'' after ''performance of the offeror''.

Subsec. (g)(4)(A). Pub. L. 110–315, § 118(4)(A), substituted ''Single-source basis'' for ''Sole source'' in heading and ''single-source'' for ''sole-source'' in text.

Subsec. (g)(7). Pub. L. 110–315, § 118(4)(B), substituted ''single-source'' for ''sole-source''.

Subsec. (h)(2)(A). Pub. L. 110–315, § 118(5), substituted ''single-source'' for ''sole-source''.

Subsec. (*l*)(3). Pub. L. 110–315, § 118(6), added par. (3) and struck out former par. (3). Prior to amendment, text read as follows: ''The term 'sole-source basis', with respect to an award of a contract, means that the contract is awarded to a source after soliciting an offer or offers from, and negotiating with, only that source.''

## § 1018b. Administrative simplification of student aid delivery

### (a) In general

In order to improve the efficiency and effectiveness of the student aid delivery system, the Secretary and the Chief Operating Officer shall encourage and participate in the establishment of voluntary consensus standards and requirements for the electronic transmission of information necessary for the administration of programs under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42.

### (b) Participation in standard setting organizations

(1) The Chief Operating Officer shall participate in the activities of standard setting organizations in carrying out the provisions of this section.

(2) The Chief Operating Officer shall encourage higher education groups seeking to develop common forms, standards, and procedures in support of the delivery of Federal student financial assistance to conduct these activities within a standard setting organization.

(3) The Chief Operating Officer may pay necessary dues and fees associated with participating in standard setting organizations pursuant to this subsection.

### (c) Adoption of voluntary consensus standards

Except with respect to the common financial reporting form under section 1090(a) of this title, the Secretary shall consider adopting voluntary consensus standards agreed to by the organization described in subsection (b) of this section for transactions required under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, and common data elements for such transactions, to enable information to be exchanged electronically between systems administered by the Department and among participants in the Federal student aid delivery system.

### (d) Use of clearinghouses

Nothing in this section shall restrict the ability of participating institutions and lenders from using a clearinghouse or servicer to comply with the standards for the exchange of information established under this section.

### (e) Data security

Any entity that maintains or transmits information under a transaction covered by this section shall maintain reasonable and appropriate administrative, technical, and physical safeguards—

(1) to ensure the integrity and confidentiality of the information; and

(2) to protect against any reasonably anticipated security threats, or unauthorized uses or disclosures of the information.

### (f) Definitions

#### (1) Clearinghouse

The term ''clearinghouse'' means a public or private entity that processes or facilitates the processing of nonstandard data elements into data elements conforming to standards adopted under this section.

#### (2) Standard setting organization

The term ''standard setting organization'' means an organization that—

(A) is accredited by the American National Standards Institute;

(B) develops standards for information transactions, data elements, or any other standard that is necessary to, or will facilitate, the implementation of this section; and

(C) is open to the participation of the various entities engaged in the delivery of Federal student financial assistance.

#### (3) Voluntary consensus standard

The term ''voluntary consensus standard'' means a standard developed or used by a standard setting organization described in paragraph (2).

(Pub. L. 89–329, title I, § 143, as added Pub. L. 105–244, title I, § 101(a), Oct. 7, 1998, 112 Stat. 1615.)

PRIOR PROVISIONS

Prior sections 1018b to 1018f were omitted in the general amendment of this subchapter by Pub. L. 102–325.

Section 1018b, Pub. L. 89–329, title I, § 143, as added Pub. L. 100–418, title VI, § 6201, Aug. 23, 1988, 102 Stat. 1515, related to use of funds.

Section 1018c, Pub. L. 89–329, title I, § 144, as added Pub. L. 100–418, title VI, § 6201, Aug. 23, 1988, 102 Stat. 1515; Pub. L. 101–610, title II, § 221(a), (b), Nov. 16, 1990, 104 Stat. 3180, related to applications.

Section 1018d, Pub. L. 89–329, title I, § 145, as added Pub. L. 100–418, title VI, § 6201, Aug. 23, 1988, 102 Stat. 1516, related to technical assistance and coordination contracts.

Section 1018e, Pub. L. 89–329, title I, § 146, as added Pub. L. 100–418, title VI, § 6201, Aug. 23, 1988, 102 Stat. 1516; Pub. L. 101–305, § 5, May 30, 1990, 104 Stat. 258; Pub. L. 101–610, title II, § 221(c), Nov. 16, 1990, 104 Stat. 3180, related to authorization of appropriations.

Section 1018f, Pub. L. 89–329, title I, § 147, as added Pub. L. 100–418, title VI, § 6201, Aug. 23, 1988, 102 Stat. 1516, defined ''public community agency'', ''institution of higher education'' and ''Secretary''.

A prior section 1019, Pub. L. 89–329, title I, § 119, as added Pub. L. 96–374, title I, § 101(a), Oct. 3, 1980, 94 Stat. 1383, authorized appropriations for education outreach programs, prior to the general amendment of this subchapter by Pub. L. 99–498.

PART E—LENDER AND INSTITUTION REQUIREMENTS RELATING TO EDUCATION LOANS

## § 1019. Definitions

In this part:

**(1) Agent**

The term ''agent'' means an officer or employee of a covered institution or an institution-affiliated organization.

**(2) Covered institution**

The term ''covered institution'' means any institution of higher education, as such term is defined in section 1002 of this title, that receives any Federal funding or assistance.

**(3) Education loan**

The term ''education loan'' (except when used as part of the term ''private education loan'') means—

(A) any loan made, insured, or guaranteed under part B of subchapter IV;

(B) any loan made under part C of subchapter IV; or

(C) a private education loan.

**(4) Eligible lender**

The term ''eligible lender'' has the meaning given such term in section 1085(d) of this title.

**(5) Institution-affiliated organization**

The term ''institution-affiliated organization''—

(A) means any organization that—

(i) is directly or indirectly related to a covered institution; and

(ii) is engaged in the practice of recommending, promoting, or endorsing education loans for students attending such covered institution or the families of such students;

(B) may include an alumni organization, athletic organization, foundation, or social, academic, or professional organization, of a covered institution; and

(C) notwithstanding subparagraphs (A) and (B), does not include any lender with respect to any education loan secured, made, or extended by such lender.

**(6) Lender**

The term ''lender'' (except when used as part of the terms ''eligible lender'' and ''private educational lender'')—

(A) means—

(i) in the case of a loan made, insured, or guaranteed under part B of subchapter IV, an eligible lender;

(ii) in the case of any loan issued or provided to a student under part C of subchapter IV, the Secretary; and

(iii) in the case of a private education loan, a private educational lender as defined in section 1650 of title 15; and

(B) includes any other person engaged in the business of securing, making, or extending education loans on behalf of the lender.

**(7) Officer**

The term ''officer'' includes a director or trustee of a covered institution or institution-affiliated organization, if such individual is treated as an employee of such covered institution or institution-affiliated organization, respectively.

**(8) Preferred lender arrangement**

The term ''preferred lender arrangement''—

(A) means an arrangement or agreement between a lender and a covered institution or an institution-affiliated organization of such covered institution—

(i) under which a lender provides or otherwise issues education loans to the students attending such covered institution or the families of such students; and

(ii) that relates to such covered institution or such institution-affiliated organization recommending, promoting, or endorsing the education loan products of the lender; and

(B) does not include—

(i) arrangements or agreements with respect to loans under part C of subchapter IV; or

(ii) arrangements or agreements with respect to loans that originate through the auction pilot program under section 1099d(b) of this title.

**(9) Private education loan**

The term ''private education loan'' has the meaning given the term in section 1650 of title 15.

(Pub. L. 89–329, title I, § 151, as added Pub. L. 110–315, title I, § 120, Aug. 14, 2008, 122 Stat. 3117.)

## § 1019a. Responsibilities of covered institutions, institution-affiliated organizations, and lenders

**(a) Responsibilities of covered institutions and institution-affiliated organizations**

**(1) Disclosures by covered institutions and institution-affiliated organizations**

**(A) Preferred lender arrangement disclosures**

In addition to the disclosures required by subsections (a)(27) and (h) of section 1094 of this title (if applicable), a covered institution, or an institution-affiliated organization of such covered institution, that participates in a preferred lender arrangement shall disclose—