be more favorable than the provisions of private education loans; and

(iii) ensure that information regarding private education loans is presented in such a manner as to be distinct from information regarding loans that are made, insured, or guaranteed under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42.

(C) Informational materials

The informational materials described in this subparagraph are publications, mailings, or electronic messages or materials that—

(i) are distributed to prospective or current students of a covered institution and families of such students; and

(ii) describe or discuss the financial aid opportunities available to students at an institution of higher education.

(2) Use of institution name

A covered institution, or an institution-affiliated organization of such covered institution, that enters into a preferred lender arrangement with a lender regarding private education loans shall not agree to the lender's use of the name, emblem, mascot, or logo of such institution or organization, or other words, pictures, or symbols readily identified with such institution or organization, in the marketing of private education loans to students attending such institution in any way that implies that the loan is offered or made by such institution or organization instead of the lender.

(3) Use of lender name

A covered institution, or an institution-affiliated organization of such covered institution, that enters into a preferred lender arrangement with a lender regarding private education loans shall ensure that the name of the lender is displayed in all information and documentation related to such loans.

(b) Lender responsibilities

(1) Disclosures by lenders

(A) Disclosures to borrowers

(i) Federal education loans

For each education loan that is made, insured, or guaranteed under part B or C of subchapter IV (other than a loan made under section 1078–3 of this title or a Federal Direct Consolidation Loan), at or prior to the time the lender disburses such loan, the lender shall provide the prospective borrower or borrower, in writing (including through electronic means), with the disclosures described in subsections (a) and (c) of section 1083 of this title.

(ii) Private education loans

For each of a lender's private education loans, the lender shall comply with the disclosure requirements under section 1638(e) of title 15.

(B) Disclosures to the Secretary

(i) In general

Each lender of a loan made, insured, or guaranteed under part B of subchapter IV shall, on an annual basis, report to the Secretary—

(I) any reasonable expenses paid or provided under section 1085(d)(5)(D) of this title or paragraph (3)(B) or (7) of section 1094(e) of this title to any agent of a covered institution who—

(aa) is employed in the financial aid office of a covered institution; or

(bb) otherwise has responsibilities with respect to education loans or other financial aid of the institution; and

(II) any similar expenses paid or provided to any agent of an institution-affiliated organization who is involved in the practice of recommending, promoting, or endorsing education loans.

(ii) Contents of reports

Each report described in clause (i) shall include—

(I) the amount for each specific instance in which the lender provided such expenses;

(II) the name of any agent described in clause (i) to whom the expenses were paid or provided;

(III) the dates of the activity for which the expenses were paid or provided; and

(IV) a brief description of the activity for which the expenses were paid or provided.

(iii) Report to Congress

The Secretary shall summarize the information received from the lenders under this subparagraph in a report and transmit such report annually to the authorizing committees.

(2) Certification by lenders

Not later than 18 months after August 14, 2008—

(A) in addition to any other disclosure required under Federal law, each lender of a loan made, insured, or guaranteed under part B of subchapter IV that participates in one or more preferred lender arrangements shall annually certify the lender's compliance with the requirements of this chapter and part C of subchapter I of chapter 34 of title 42; and

(B) if an audit of a lender is required pursuant to section 1078(b)(1)(U)(iii) of this title, the lender's compliance with the requirements under this section shall be reported on and attested to annually by the auditor of such lender.

(Pub. L. 89–329, title I, § 152, as added Pub. L. 110–315, title I, § 120, Aug. 14, 2008, 122 Stat. 3119.)

§ 1019b. Loan information to be disclosed and model disclosure form for covered institutions, institution-affiliated organizations, and lenders participating in preferred lender arrangements

(a) Duties of the Secretary

(1) Determination of minimum disclosures

(A) In general

Not later than 18 months after August 14, 2008, the Secretary, in coordination with the

Board of Governors of the Federal Reserve System, shall determine the minimum information that lenders, covered institutions, and institution-affiliated organizations of such covered institutions participating in preferred lender arrangements shall make available regarding education loans described in section 1019(3)(A) of this title that are offered to students and the families of such students.

(B) Consultation and content of minimum disclosures

In carrying out subparagraph (A), the Secretary shall—

(i) consult with students, the families of such students, representatives of covered institutions (including financial aid administrators, admission officers, and business officers), representatives of institution-affiliated organizations, secondary school guidance counselors, lenders, loan servicers, and guaranty agencies;

(ii) include, in the minimum information under subparagraph (A) that is required to be made available, the information that the Board of Governors of the Federal Reserve System requires to be disclosed under section 1638(e)(1) of title 15, modified as necessary to apply to such loans; and

(iii) consider the merits of requiring each covered institution, and each institution-affiliated organization of such covered institution, with a preferred lender arrangement to provide to prospective borrowers and the families of such borrowers the following information for each type of education loan offered pursuant to such preferred lender arrangement:

(I) The interest rate and terms and conditions of the loan for the next award year, including loan forgiveness and deferment.

(II) Information on any charges, such as origination and Federal default fees, that are payable on the loan, and whether those charges will be—

(aa) collected by the lender at or prior to the disbursal of the loan, including whether the charges will be deducted from the proceeds of the loan or paid separately by the borrower; or

(bb) paid in whole or in part by the lender.

(III) The annual and aggregate maximum amounts that may be borrowed.

(IV) The average amount borrowed from the lender by students who graduated from such institution in the preceding year with certificates, undergraduate degrees, graduate degrees, and professional degrees, as applicable, and who obtained loans of such type from the lender for the preceding year.

(V) The amount the borrower may pay in interest, based on a standard repayment plan and the average amount borrowed from the lender by students who graduated from such institution in the preceding year and who obtained loans of such type from the lender for the preceding year, for—

(aa) borrowers of loans made under section 1078 of this title;

(bb) borrowers of loans made under section 1078–2 or 1078–8 of this title, who pay the interest while in school; and

(cc) borrowers of loans made under section 1078–2 or 1078–8 of this title, who do not pay the interest while in school.

(VI) The consequences for the borrower of defaulting on a loan, including limitations on the discharge of an education loan in bankruptcy.

(VII) Contact information for the lender.

(VIII) Other information suggested by the persons and entities with whom the Secretary has consulted under clause (i).

(2) Required disclosures

After making the determinations under paragraph (1), the Secretary, in coordination with the Board of Governors of the Federal Reserve System and after consultation with the public, shall—

(A)(i) provide that the information determined under paragraph (1) shall be disclosed by covered institutions, and institution-affiliated organizations of such covered institutions, with preferred lender arrangements to prospective borrowers and the families of such borrowers regarding the education loans described in section 1019(3)(A) of this title that are offered pursuant to such preferred lender arrangements; and

(ii) make clear that such covered institutions and institution-affiliated organizations may provide the required information on a form designed by the institution or organization instead of the model disclosure form described in subparagraph (B);

(B) develop a model disclosure form that may be used by covered institutions, institution-affiliated organizations, and preferred lenders that includes all of the information required under subparagraph (A)(i) in a format that—

(i) is easily usable by students, families, institutions, institution-affiliated organizations, lenders, loan servicers, and guaranty agencies; and

(ii) is similar in format to the form developed by the Board of Governors of the Federal Reserve System under paragraphs (1) and (5)(A) of section 1638(e)[1] of title 15, in order to permit students and the families of students to easily compare private education loans and education loans described in section 1019(3)(A) of this title; and

(C) update such model disclosure form periodically, as necessary.

(b) Duties of lenders

Each lender that has a preferred lender arrangement with a covered institution, or an institution-affiliated organization of such covered institution, with respect to education loans de-

[1] See References in Text note below.

scribed in section 1019(3)(A) of this title shall annually, by a date determined by the Secretary, provide to such covered institution or such institution-affiliated organization, and to the Secretary, the information the Secretary requires pursuant to subsection (a)(2)(A)(i) for each type of education loan described in section 1019(3)(A) of this title that the lender plans to offer pursuant to such preferred lender arrangement to students attending such covered institution, or to the families of such students, for the next award year.

(c) Duties of covered institutions and institution-affiliated organizations

(1) Providing information to students and families

(A) In general

Each covered institution, and each institution-affiliated organization of such covered institution, that has a preferred lender arrangement shall provide the following information to students attending such institution, or the families of such students, as applicable:

(i) The information the Secretary requires pursuant to subsection (a)(2)(A)(i), for each type of education loan described in section 1019(3)(A) of this title offered pursuant to a preferred lender arrangement to students of such institution or the families of such students.

(ii)(I) In the case of a covered institution, the information that the Board of Governors of the Federal Reserve System requires to be disclosed under section 1638(e)(11) of title 15 to the covered institution, for each type of private education loan offered pursuant to such preferred lender arrangement to students of such institution or the families of such students.

(II) In the case of an institution-affiliated organization, the information the Board of Governors of the Federal Reserve System requires to be disclosed under section 1638(e)(1) of title 15, for each type of private education loan offered pursuant to such preferred lender arrangement to students of the institution with which such organization is affiliated or the families of such students.

(B) Timely provision of information

The information described in subparagraph (A) shall be provided in a manner that allows for the students or the families to take such information into account before selecting a lender or applying for an education loan.

(2) Annual report

Each covered institution, and each institution-affiliated organization of such covered institution, that has a preferred lender arrangement, shall—

(A) prepare and submit to the Secretary an annual report, by a date determined by the Secretary, that includes, for each lender that has a preferred lender arrangement with such covered institution or organization—

(i) the information described in clauses (i) and (ii) of paragraph (1)(A); and

(ii) a detailed explanation of why such covered institution or institution-affiliated organization entered into a preferred lender arrangement with the lender, including why the terms, conditions, and provisions of each type of education loan provided pursuant to the preferred lender arrangement are beneficial for students attending such institution, or the families of such students, as applicable; and

(B) ensure that the report required under subparagraph (A) is made available to the public and provided to students attending or planning to attend such covered institution and the families of such students.

(3) Code of conduct

(A) In general

Each covered institution, and each institution-affiliated organization of such covered institution, that has a preferred lender arrangement, shall comply with the code of conduct requirements of subparagraphs (A) through (C) of section 1094(a)(25) of this title.

(B) Applicable code of conduct

For purposes of subparagraph (A), an institution-affiliated organization of a covered institution shall—

(i) comply with the code of conduct developed and published by such covered institution under subparagraphs (A) and (B) of section 1094(a)(25) of this title;

(ii) if such institution-affiliated organization has a website, publish such code of conduct prominently on the website; and

(iii) administer and enforce such code of conduct by, at a minimum, requiring that all of such organization's agents with responsibilities with respect to education loans be annually informed of the provisions of such code of conduct.

(Pub. L. 89–329, title I, § 153, as added Pub. L. 110–315, title I, § 120, Aug. 14, 2008, 122 Stat. 3122; amended Pub. L. 111–39, title I, § 101(b)(6), July 1, 2009, 123 Stat. 1935.)

REFERENCES IN TEXT

Section 1638(e) of title 15, referred to in subsec. (a)(2)(B)(ii), was in the original ''section 128(e)'', and was translated as meaning section 128(e) of Pub. L. 90–321, which is classified to section 1638(e) of title 15, to reflect the probable intent of Congress.

AMENDMENTS

2009—Subsec. (a)(1)(B)(iii)(V). Pub. L. 111–39 substituted ''borrowers of loans made under'' for ''borrowers who take out loans under'' wherever appearing.

EFFECTIVE DATE OF 2009 AMENDMENT

Amendment by Pub. L. 111–39 effective as if enacted on the date of enactment of Pub. L. 110–315 (Aug. 14, 2008), see section 3 of Pub. L. 111–39, set out as a note under section 1001 of this title.

§ 1019c. Loan information to be disclosed and model disclosure form for institutions participating in the William D. Ford Federal Direct Loan Program

(a) Provision of disclosures to institutions by the Secretary

Not later than 180 days after the development of the model disclosure form under section 1019b(a)(2)(B) of this title, the Secretary shall provide each institution of higher education participating in the William D. Ford Direct Loan Program under part C of subchapter IV with a completed model disclosure form including the same information for Federal Direct Stafford Loans, Federal Direct Unsubsidized Stafford Loans, and Federal Direct PLUS loans made to, or on behalf of, students attending each such institution as is required on such form for loans described in section 1019(3)(A) of this title.

(b) Duties of institutions

(1) In general

Each institution of higher education participating in the William D. Ford Direct Loan Program under part C of subchapter IV shall—

(A) make the information the Secretary provides to the institution under subsection (a) available to students attending or planning to attend the institution, or the families of such students, as applicable; and

(B) if the institution provides information regarding a private education loan to a prospective borrower, concurrently provide such borrower with the information the Secretary provides to the institution under subsection (a).

(2) Choice of forms

In providing the information required under paragraph (1), an institution of higher education may use a comparable form designed by the institution instead of the model disclosure form developed under section 1019b(a)(2)(B) of this title.

(Pub. L. 89–329, title I, § 154, as added Pub. L. 110–315, title I, § 120, Aug. 14, 2008, 122 Stat. 3125.)

§ 1019d. Self-certification form for private education loans

(a) In general

The Secretary, in consultation with the Board of Governors of the Federal Reserve System, shall develop the self-certification form for private education loans that shall be used to satisfy the requirements of section 1638(e)(3) of title 15. Such form shall—

(1) be developed in a standardized format;

(2) be made available to the applicant by the relevant institution of higher education, in written or electronic form, upon request of the applicant;

(3) contain only disclosures that—

(A) the applicant may qualify for Federal student financial assistance through a program under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, or State or institutional student financial assistance, in place of, or in addition to, a private education loan;

(B) the applicant is encouraged to discuss the availability of Federal, State, and institutional student financial assistance with financial aid officials at the applicant's institution of higher education;

(C) a private education loan may affect the applicant's eligibility for free or low-cost Federal, State or institutional student financial assistance; and

(D) the information that the applicant is required to provide on the form is available from officials at the financial aid office of the institution of higher education;

(4) include a place to provide information on—

(A) the applicant's cost of attendance at the institution of higher education, as determined by the institution under part E of subchapter IV;

(B) the applicant's estimated financial assistance, including amounts of financial assistance used to replace the expected family contribution, as determined by the institution, in accordance with subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, for students who have completed the Free Application for Federal Student Aid; and

(C) the difference between the amounts under subparagraphs (A) and (B), as applicable; and

(5) include a place for the applicant's signature, in written or electronic form.

(b) Limit on liability

Nothing in this section shall be construed to create a private right of action against an institution of higher education with respect to the form developed under subsection (a).

(Pub. L. 89–329, title I, § 155, as added Pub. L. 110–315, title X, § 1021(b), Aug. 14, 2008, 122 Stat. 3487; amended Pub. L. 111–39, title I, § 101(b)(7), July 1, 2009, 123 Stat. 1935.)

AMENDMENTS

2009—Subsec. (a)(4). Pub. L. 111–39 added par. (4) and struck out former par. (4) which read as follows: ''include a place to provide information on—

''(A) the applicant's cost of attendance at the institution of higher education, as determined by the institution under Part E of subchapter IV;

''(B) the applicant's expected family contribution, as determined under Part E of subchapter IV, as applicable, for students who have completed the free application for Federal student aid;

''(C) the applicant's estimated financial assistance, as determined by the institution, in accordance with subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, as applicable;

''(D) the difference between the amounts under subparagraphs (A) and (C), as applicable; and

''(E) the sum of the amounts under subparagraphs (B) and (D), as applicable; and''.

EFFECTIVE DATE OF 2009 AMENDMENT

Amendment by Pub. L. 111–39 effective as if enacted on the date of enactment of Pub. L. 110–315 (Aug. 14, 2008), see section 3 of Pub. L. 111–39, set out as a note under section 1001 of this title.