

## **THE STUDENT LOAN SUNSHINE ACT (H.R. 890)**

### **Gift Ban**

- A lender or guarantor of educational loans shall not offer any gift having a value of more than \$10 to a school employee.
- School employees must report to the Inspector General any instance of a lender or guarantor who offer gifts.

### **Misleading Identification of Lender Products and Employees**

- Schools shall not allow lenders to use the name, emblem, mascot, or logo of the institution to market private loans that implies the school's endorsement.

### **Loan Disclosures Required**

- Requires lenders to inform private loan borrowers of federal title IV loans and disclose terms, conditions, collection practices, and fees of private loans.
- Requires schools to inform private loan borrowers of the title IV loan availability.
- Requires lenders to notify schools of private loans made to borrowers.

### **Preferred Lender Lists**

- Schools must establish a process for selecting lenders based on benefits to borrowers and disclose rationale for selecting lenders included on lists.
- Schools must inform borrowers of right to choose lender of choice.
- Schools must include at least 3 lenders on list.
- Schools must identify whether listed lenders are affiliated with one another.

### **Disclosure of Special Arrangements**

With respect to special arrangements between schools and lenders, whereby schools recommend a lender's product in exchange for the payment of fees or provision of other benefits by the lender to the school or to groups of students attending the school:

- The Secretary of Education must develop a clear, easy-to-use model format for reporting the terms and conditions of title IV and private loans.
- Lenders must annually report to the Secretary the details of any special arrangements with schools, including a summary of any direct or indirect benefits provided or paid to any party in connection with such arrangements, and report annually to the Secretary and to schools the information included on the Secretary's model format.
- Schools must report annually to the Secretary and make available to the public the information included in the Secretary's model format and provide explanation of why it believes the terms and conditions of loans under its special arrangements with lenders are beneficial to students and parents.

### **Penalties**

- Establishes civil penalties of not more than \$25,000 for violations on the part of schools and for those lenders that do not participate in title IV programs.
- Lenders that participate in title IV programs may be limited, terminated or suspended from participation for violations.