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## **DURBIN, WARREN, REED: BILL WOULD PUT STUDENT LOAN BORROWER BILL OF RIGHTS INTO LAW**

*Legislation to reform disclosure and servicing standards for student loans follows President Obama's announcement of additional relief for borrowers*

[WASHINGTON, DC] – Following a decision by President Obama to provide additional protections to student loan borrowers, U.S. Senators Dick Durbin (D-IL), Elizabeth Warren (D-MA) and Jack Reed (D-RI) today introduced legislation to ensure struggling student loan borrowers are treated fairly and understand the full range of repayment options and resources available to them. Cosponsors of today's legislation include:

"I commend the President's announcement of additional relief for student borrowers earlier this month, but that doesn't excuse Congress from addressing our national student debt crisis. More must be done to help the nearly 40 million Americans holding some \$1.2 trillion in student loan debt," said Durbin. "The *Student Loan Borrower Bill of Rights* will ensure that all borrowers have basic rights and protections as they repay their student loans and more repayment options if they find that, despite their best efforts, they are unable to make their monthly payments in full."

"Student loan borrowers should receive clear and accurate information about their loans and repayment options," said Senator Warren. "Since last year, nearly a million more borrowers have fallen behind on their student loan payments and total student loan debt in this country continues to grow. I'm joining Senators Durbin and Reed in introducing the *Student Loan Borrower Bill of Rights* to help strengthen protections for student borrowers and to improve accountability for servicers."

"Congress must work together to address the problem of college affordability and rising student loan debt in a comprehensive way. It can also take smart steps like passing the *Student Loan Borrower Bill of Rights* to help students and families better manage their student loan debt and ensure that they are treated fairly. This legislation will strengthen consumer protections for students and streamline the process by which lenders and borrowers resolve complaints," said Senator Reed.

Though many students hold federal student loans with strong consumer protections, many take out private loans that carry no limits on interest rates and offer few, if any, alternative repayment plans. In some cases, even federal student loan borrowers are unaware of options like income-based repayment and public service loan forgiveness. Payments are sometimes misallocated to loans with lower interest rates, preventing borrowers from paying loans off quickly, and borrowers report significant challenges in resolving errors on their accounts in a timely manner.

While placing a special focus on servicemember and veteran borrowers by requiring loan servicers to provide each borrower with a liaison specifically trained in the benefits available to military borrowers, the *Student Loan Borrower's Bill of Rights* provides six basic rights for all federal and private student loan borrowers:

- The right to have options such as alternative payment plans to avoid default.
- The right to be informed about key terms and conditions of the loan and any repayment options to ensure changing plans won't cost more.
- The right to know your loan's servicer and who to reach out to when there is a problem.
- The right to consistency when it comes to how monthly payments are applied. Lenders and servicers should also honor promotions and promises that are advertised or offered.
- The right to fairness, like grace periods when loans are transferred or debt cancellation when the borrower dies or becomes disabled.
- The right to accountability, including timely resolution of errors and certification of private loans.