TITLE 20 - EDUCATION
CHAPTER 28 - HIGHER EDUCATION RESOURCES AND STUDENT ASSISTANCE
SUBCHAPTER IV - STUDENT ASSISTANCE
Part D - Federal Perkins Loans

§ 1087cc–1. Student loan information by eligible institutions

(a) Disclosure required prior to disbursement

Each institution of higher education shall, at or prior to the time such institution makes a loan to a student borrower which is made under this part, provide thorough and adequate loan information on such loan to the student borrower. Any disclosure required by this subsection may be made by an institution of higher education as part of the written application material provided to the borrower, or as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. The disclosures shall include—

1. the name of the institution of higher education, and the address to which communications and payments should be sent;
2. the principal amount of the loan;
3. the amount of any charges collected by the institution at or prior to the disbursement of the loan and whether such charges are deducted from the proceeds of the loan or paid separately by the borrower;
4. the stated interest rate on the loan;
5. the yearly and cumulative maximum amounts that may be borrowed;
6. an explanation of when repayment of the loan will be required and when the borrower will be obligated to pay interest that accrues on the loan;
7. a statement as to the minimum and maximum repayment term which the institution may impose, and the minimum monthly payment required by law and a description of any penalty imposed as a consequence of default, such as liability for expenses reasonably incurred in attempts by the Secretary or institutions to collect on a loan;
8. a statement of the total cumulative balance, including the loan applied for, owed by the student to that lender, and an estimate of the projected monthly payment, given such cumulative balance;
9. an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;
10. a statement that the borrower has the right to prepay all or part of the loan, at any time, without penalty, a statement summarizing circumstances in which repayment of the loan or interest that accrues on the loan may be deferred, and a brief notice of the program for repayment of loans, on the basis of military service, pursuant to the Department of Defense educational loan repayment program (10 U.S.C. 16302);
11. a definition of default and the consequences to the borrower if the borrower defaults, together with a statement that the disbursement of, and the default on, a loan under this part, shall be reported to a consumer reporting agency;
12. to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and
13. an explanation of any cost the borrower may incur in the making or collection of the loan.

(b) Disclosure required prior to repayment

Each institution of higher education shall enter into an agreement with the Secretary under which the institution will, prior to the start of the repayment period of the student borrower on loans made under this part, disclose to the student borrower the information required under this subsection. Any disclosure required by this subsection may be made by an institution of higher education either in a promissory
note evidencing the loan or loans in a written statement provided to the borrower. The disclosures shall include—

1. the name of the institution of higher education, and the address to which communications and payments should be sent;
2. the scheduled date upon which the repayment period is to begin;
3. the estimated balance owed by the borrower on the loan or loans covered by the disclosure as of the scheduled date on which the repayment period is to begin (including, if applicable, the estimated amount of interest to be capitalized);
4. the stated interest rate on the loan or loans, or the combined interest rate of loans with different stated interest rates;
5. the nature of any fees which may accrue or be charged to the borrower during the repayment period;
6. the repayment schedule for all loans covered by the disclosure including the date the first installment is due, and the number, amount, and frequency of required payments;
7. an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;
8. the projected total of interest charges which the borrower will pay on the loan or loans, assuming that the borrower makes payments exactly in accordance with the repayment schedule; and
9. a statement that the borrower has the right to prepay all or part of the loan or loans covered by the disclosure at any time without penalty.

(c) Costs and effects of disclosures

Such information shall be available without cost to the borrower. The failure of an eligible institution to provide information as required by this section shall not

1. relieve a borrower of the obligation to repay a loan in accordance with its terms,
2. provide a basis for a claim for civil damages, or
3. be deemed to abrogate the obligation of the Secretary to make payments with respect to such loan.


Prior Provisions


Amendments


2008—Subsec. (a)(11). Pub. L. 110–315 substituted “consumer” for “credit bureau or credit”.


1993—Subsecs. (d), (e). Pub. L. 103–208 struck out subsecs. (d) and (e), which read as follows:
“(d) Limitation on Use of Interest Bearing Accounts.—In carrying out the provisions of subsection (a)(10) of this section, the Secretary may not require that any collection agency, collection attorney, or loan servicer collecting loans made under this part deposit amounts collected on such loans in interest bearing accounts, unless such agency, attorney, or servicer holds such amounts for more than 45 days.

“(e) Special Due Diligence Rule.—In carrying out the provisions of subsection (a)(5) of this section relating to due diligence, the Secretary shall make every effort to ensure that institutions of higher education may use Internal Revenue Service skip-tracing collection procedures on loans made under this part.”

1992—Subsec. (a)(11). Pub. L. 102–325, § 463(c)(1), substituted “together with a statement that the disbursement of, and the default on, a loan under this part, shall be” for “including a statement that the default may be”.

Subsecs. (d), (e). Pub. L. 102–325, § 463(c)(2), added subsecs. (d) and (e).

1987—Subsec. (a)(8). Pub. L. 100–50, § 13(g), added par. (8) and struck out former par. (8) which read as follows: “a statement of the total cumulative balance owed by the student to that institution, the projected level of indebtedness of the student based on a 2- or 4-year college career, and an estimate of the projected monthly repayment given the level of indebtedness over a 2-, 4-, or 5-year college career;”.


Effective Date of 2009 Amendment

Effective Date of 1996 Amendment

Effective Date of 1993 Amendment
Amendment by Pub. L. 103–208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102–325, except as otherwise provided, see section 5(a) of Pub. L. 103–208, set out as a note under section 1051 of this title.

Effective Date of 1987 Amendment

Effective Date
Section applicable only to loans made for periods of enrollment beginning on or after July 1, 1987, see section 405(b) of Pub. L. 99–498, as amended, set out as a note under section 1087dd of this title.