

tion 3 of Pub. L. 105-244, set out as a note under section 1001 of this title.

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 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective July 23, 1992, except that changes made in subsec. (a)(2)(B), relating to the matching of Federal capital contributions, applicable to funds provided for such program for award years beginning on or after July 1, 1993, see section 468 of Pub. L. 102-325, set out as a note under section 1087dd of this title.

EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

EFFECTIVE DATE

Section effective Oct. 17, 1986, except as otherwise provided, see section 2 of Pub. L. 99-498, set out as a note under section 1001 of this title.

Subsection (a)(9) of this 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, set out as a note under section 1087dd of this title.

**§ 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;

(13) an explanation of any cost the borrower may incur in the making or collection of the loan;

(14) a notice and explanation regarding the end to future availability of loans made under this part;

(15) a notice and explanation that repayment and forgiveness benefits available to borrowers of loans made under part D are not available to borrowers participating in the loan program under this part;

(16) a notice and explanation regarding a borrower's option to consolidate a loan made under this part into a Federal Direct Loan under part D, including any benefit of such consolidation;

(17) with respect to new undergraduate Federal Perkins loan borrowers, as described in section 1087aa(b)(1)(A) of this title, a notice and explanation providing a comparison of the interest rates of loans under this part and part D and informing the borrower that the borrower has reached the maximum annual borrowing limit for which the borrower is eligible as referenced under subparagraphs (A) and (D) of section 1087e(a)(2) of this title; and

(18) with respect to current undergraduate Federal Perkins loan borrowers, as described in section 1087aa(b)(1)(B) of this title, a notice and explanation providing a comparison of the interest rates of loans under this part and part D and informing the borrower that the borrower has reached the maximum annual borrowing limit for which the borrower is eligible on Federal Direct Stafford Loans as referenced under section 1087e(a)(2)(A) of this title.

**(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 or 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.

(Pub. L. 89-329, title IV, § 463A, as added Pub. L. 99-498, title IV, § 405(a), Oct. 17, 1986, 100 Stat. 1446; amended Pub. L. 100-50, § 13(g), (h), June 3, 1987, 101 Stat. 349; Pub. L. 102-325, title IV, § 463(c), July 23, 1992, 106 Stat. 579; Pub. L. 103-208, § 2(f)(8), Dec. 20, 1993, 107 Stat. 2471; Pub. L. 104-106, div. A, title XV, § 1501(e)(4), Feb. 10, 1996, 110 Stat. 501; Pub. L. 110-315, title IV, § 432(b)(6), Aug. 14, 2008, 122 Stat. 3246; Pub. L. 111-39, title IV, § 405(3), July 1, 2009, 123 Stat. 1947; Pub. L. 114-105, § 3, Dec. 18, 2015, 129 Stat. 2220.)

### PRIOR PROVISIONS

A prior section 1087cc-1, Pub. L. 89-329, title IV, § 463A, as added Pub. L. 96-374, title IV, § 447(b), Oct. 3, 1980, 94 Stat. 1443; amended Pub. L. 97-301, § 13, Oct. 13, 1982, 96 Stat. 1405; Pub. L. 98-79, § 3(b), Aug. 15, 1983, 97 Stat. 478; Pub. L. 99-272, title XVI, § 16027, Apr. 7, 1986, 100 Stat. 353, related to student loan information to be provided by institutions, prior to the general revision of this part by Pub. L. 99-498.

### AMENDMENTS

2015—Subsec. (a)(14) to (18). Pub. L. 114-105 added pars. (14) to (18).

2009—Subsec. (a). Pub. L. 111-39 struck out “, in order to carry out the provisions of section 1087cc(a)(8) of this title,” after “Each institution of higher education” in introductory provisions.

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

1996—Subsec. (a)(10). Pub. L. 104-106 substituted “(10 U.S.C. 16302)” for “(10 U.S.C. 2172)”.

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;”.

Subsec. (a)(10). Pub. L. 100-50, § 13(h), substituted “the Department of Defense educational loan repayment program (10 U.S.C. 2172)” for “section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141, note)”.

### 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.

### EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-106 effective as if included in the Reserve Officer Personnel Management Act, title XVI of Pub. L. 103-337, as enacted on Oct. 5, 1994, see section 1501(f)(3) of Pub. L. 104-106, set out as a note under section 113 of Title 10, Armed Forces.

### 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

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

### 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.

**§ 1087dd. Terms of loans****(a) Terms and conditions**

(1) Loans from any student loan fund established pursuant to an agreement under section 1087cc of this title to any student by any institution shall, subject to such conditions, limitations, and requirements as the Secretary shall prescribe by regulation, be made on such terms and conditions as the institution may determine.

(2)(A) Except as provided in paragraph (4), the total of loans made to a student in any academic year or its equivalent by an institution of higher education from a loan fund established pursuant to an agreement under this part shall not exceed—

(i) \$5,500, in the case of a student who has not successfully completed a program of undergraduate education; or

(ii) \$8,000, in the case of a graduate or professional student (as defined in regulations issued by the Secretary).

(B) Except as provided in paragraph (4), the aggregate unpaid principal amount for all loans made to a student by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

(i) \$60,000, in the case of any graduate or professional student (as defined by regulations issued by the Secretary, and including any loans from such funds made to such person before such person became a graduate or professional student);

(ii) \$27,500, in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree but who has not completed the work necessary for such a degree (determined under regulations issued by the Secretary), and including any loans from such funds made to such person before such person became such a student; and

(iii) \$11,000, in the case of any other student.

(3) Regulations of the Secretary under paragraph (1) shall be designed to prevent the impairment of the capital student loan funds to the maximum extent practicable and with a view toward the objective of enabling the student to complete his course of study.

(4) In the case of a program of study abroad that is approved for credit by the home institution at which a student is enrolled and that has reasonable costs in excess of the home institution's budget, the annual and aggregate loan limits for the student may exceed the amounts described in paragraphs (2)(A) and (2)(B) by 20 percent.

**(b) Demonstration of need and eligibility required**

(1) A loan from a student loan fund assisted under this part may be made only to a student who demonstrates financial need in accordance with part F of this subchapter, who meets the requirements of section 1091 of this title, and who provides the institution with the student's drivers license number, if any, at the time of application for the loan. A student who is in default on a loan under this part shall not be eligible for an additional loan under this part unless such loan meets one of the conditions for exclusion under section 1087bb(g)(1)(E) of this title.

(2) If the institution's capital contribution under section 1087bb of this title is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution less than full time, or (B) independent students, then a reasonable portion of the loans made from the institution's student loan fund containing the contribution shall be made available to such students.

**(c) Contents of loan agreement**

(1) Any agreement between an institution and a student for a loan from a student loan fund assisted under this part—

(A) shall be evidenced by note or other written instrument which, except as provided in paragraph (2), provides for repayment of the principal amount of the loan, together with interest thereon, in equal installments (or, if the borrower so requests, in graduated periodic installments determined in accordance with such schedules as may be approved by the Secretary) payable quarterly, bimonthly, or monthly, at the option of the institution, over a period beginning nine months after the date on which the student ceases to carry, at an institution of higher education or a comparable institution outside the United States approved for this purpose by the Secretary, at least one-half the normal full-time academic workload, and ending 10 years and 9 months after such date except that such period may begin earlier than 9 months after such date upon the request of the borrower;

(B) shall include provision for acceleration of repayment of the whole, or any part, of such loan, at the option of the borrower;

(C)(i) may provide, at the option of the institution, in accordance with regulations of the Secretary, that during the repayment period of the loan, payments of principal and interest by the borrower with respect to all outstanding loans made to the student from a student loan fund assisted under this part shall be at a rate equal to not less than \$40 per month, except that the institution may, subject to such regulations, permit a borrower to pay less than \$40 per month for a period of not more than one year where necessary to avoid hardship to the borrower, but without extending the 10-year maximum repayment period provided for in subparagraph (A) of this paragraph; and

(ii) may provide that the total payments by a borrower for a monthly or similar payment period with respect to the aggregate of all loans held by the institution may, when the amount of a monthly or other similar payment is not a multiple of \$5, be rounded to the next highest whole dollar amount that is a multiple of \$5;

(D) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at the rate of 5 percent per year in the case of any loan made on or after October 1, 1981, except that no interest shall accrue (i) prior to the beginning date of repayment determined under paragraph (2)(A)(i), or (ii) during any period in which repayment is suspended by reason of paragraph (2);

(E) shall provide that the loan shall be made without security and without endorsement;