

quently goes into default on such loan, 7 years from the date the loan entered default such subsequent time.

(Pub. L. 89-329, title IV, §430A, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1398; amended Pub. L. 100-50, §10(v), June 3, 1987, 101 Stat. 346; Pub. L. 102-325, title IV, §424, July 23, 1992, 106 Stat. 543; Pub. L. 103-208, §2(c)(52), Dec. 20, 1993, 107 Stat. 2467; Pub. L. 110-315, title IV, §432(a), Aug. 14, 2008, 122 Stat. 3245; Pub. L. 111-39, title IV, §402(f)(8), July 1, 2009, 123 Stat. 1944.)

REFERENCES IN TEXT

The Fair Credit Reporting Act, referred to in subsec. (a), is title VI of Pub. L. 90-321, as added by Pub. L. 91-508, title VI, §601, Oct. 26, 1970, 84 Stat. 1127, as amended, which is classified generally to subchapter III (§1681 et seq.) of chapter 41 of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see Short Title note set out under section 1601 of Title 15 and Tables.

PRIOR PROVISIONS

A prior section 1080a, Pub. L. 89-329, title IV, §430A, as added Pub. L. 99-272, title XVI, §16023, Apr. 7, 1986, 100 Stat. 349; amended Pub. L. 99-320, §2(c), May 23, 1986, 100 Stat. 491, related to reports to credit bureaus and institutions of higher education, prior to the general revision of this part by Pub. L. 99-498.

AMENDMENTS

2009—Subsec. (f). Pub. L. 111-39, in introductory provisions, substituted “and (5)” for “and (6)” and “(a)(5)” for “(a)(6)”.

2008—Pub. L. 110-315, §432(a)(1), substituted “consumer reporting agencies” for “credit bureaus” in section catchline.

Subsec. (a). Pub. L. 110-315, §432(a)(2)(B)–(D), added pars. (1) and (3) and redesignated former pars. (1), (2) and (3) as (2), (4) and (5), respectively.

Pub. L. 110-315, §432(a)(2)(A), in introductory provisions, substituted “the Secretary and” for “the Secretary,” and “an agreement with each consumer reporting agency” for “agreements with credit bureau organizations” in first sentence, “such consumer reporting agencies” for “such organizations” in two places and “insurance) or by” for “insurance, by” in second sentence, and “Secretary or” for “Secretary,” and “consumer reporting agencies” for “organizations” in third sentence.

Subsec. (b). Pub. L. 110-315, §432(a)(3), substituted “consumer reporting agencies” for “organizations” and “subsection (a)(4)” for “subsection (a)(2)”.

Subsec. (c)(2). Pub. L. 110-315, §432(a)(4)(A), substituted “consumer reporting agencies” for “organizations”.

Subsec. (c)(4). Pub. L. 110-315, §432(a)(4)(B)(i), substituted “subsection (a)(4)” for “subsection (a)(2)”.

Subsec. (c)(4)(A). Pub. L. 110-315, §432(a)(4)(B)(ii), substituted “consumer reporting agencies” for “credit bureau organizations”.

Subsec. (d). Pub. L. 110-315, §432(a)(5), substituted “consumer reporting agency” for “credit bureau organization”.

1993—Subsec. (f)(1). Pub. L. 103-208 substituted a semicolon for the comma at end.

1992—Subsec. (f). Pub. L. 102-325 struck out “or” at end of par. (1), added pars. (2) and (3), and struck out former par. (2) which read as follows: “with regard to an account on a loan on which the Secretary or the guaranty agency has paid a claim but not reported the account to a consumer reporting agency on or before October 1, 1985, 7 years from that date.”

1987—Subsec. (e). Pub. L. 100-50 inserted sentence at end permitting an eligible institution to enter into arrangements with holders of delinquent loans made to

borrowers for purpose of providing current information on borrower’s location or employment or to assist holder in contacting and influencing borrower to avoid default.

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 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.

§ 1081. Insurance fund

(a) Establishment

There is hereby established a student loan insurance fund (hereinafter in this section called the “fund”) which shall be available without fiscal year limitation to the Secretary for making payments in connection with the default of loans insured by the Secretary under this part, or in connection with payments under a guaranty agreement under section 1078(c) of this title. All amounts received by the Secretary as premium charges for insurance and as receipts, earnings, or proceeds derived from any claim or other assets acquired by the Secretary in connection with operations under this part, any excess advances under section 1072 of this title, and any other moneys, property, or assets derived by the Secretary from operations in connection with this section, shall be deposited in the fund. All payments in connection with the default of loans insured by the Secretary under this part, or in connection with such guaranty agreements shall be paid from the fund. Moneys in the fund not needed for current operations under this section may be invested in bonds or other obligations guaranteed as to principal and interest by the United States.

(b) Borrowing authority

If at any time the moneys in the fund are insufficient to make payments in connection with the default of any loan insured by the Secretary under this part, or in connection with any guaranty agreement made under section 1078(c) of this title, the Secretary is authorized, to the extent provided in advance by appropriations Acts, to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury

is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, and the purposes for which securities may be issued under that chapter, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under the subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Secretary from such fund.

(Pub. L. 89-329, title IV, § 431, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1400; amended Pub. L. 100-50, § 10(w), June 3, 1987, 101 Stat. 346.)

CODIFICATION

In subsec. (b), “chapter 31 of title 31” and “that chapter” substituted for “the Second Liberty Bond Act, as amended” and “that Act, as amended”, respectively, on authority of Pub. L. 97-258, § 4(b), Sept. 13, 1982, 96 Stat. 1067, the first section of which enacted Title 31, Money and Finance.

PRIOR PROVISIONS

A prior section 1081, Pub. L. 89-329, title IV, § 431, Nov. 8, 1965, 79 Stat. 1245; Pub. L. 90-460, § 3(c), Aug. 3, 1968, 82 Stat. 638; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2126; Pub. L. 96-374, title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, related to a student loan insurance fund, prior to the general revision of this part by Pub. L. 99-498.

AMENDMENTS

1987—Subsec. (a). Pub. L. 100-50 substituted “section 1072 of this title” for “section 1072(a)(4)(C) 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.

FEDERAL FAMILY EDUCATION LOAN INSURANCE FUND

Pub. L. 105-244, title IV, § 434, Oct. 7, 1998, 112 Stat. 1711, provided that: “Any funds in the insurance fund, as established under section 431 of the Higher Education Act of 1965 (20 U.S.C. 1081), on the date of enactment of this Act [Oct. 7, 1998] shall be transferred to and deposited in the Treasury. All funds received by the Secretary of Education under subsection (a) of such section after the date of enactment of this Act shall be deposited into the fund in accordance with such subsection.”

TRANSFER OF ASSETS AND LIABILITIES OF THE VOCATIONAL STUDENT LOAN INSURANCE FUND

All assets and liabilities of the vocational student loan insurance fund transferred to the student loan insurance fund, see section 116(c)(2) of Pub. L. 90-575, set out as a note under former section 981 et seq. of this title.

§ 1082. Legal powers and responsibilities

(a) General powers

In the performance of, and with respect to, the functions, powers, and duties, vested in him by this part, the Secretary may—

(1) prescribe such regulations as may be necessary to carry out the purposes of this part, including regulations applicable to third party servicers (including regulations concerning financial responsibility standards for, and the assessment of liabilities for program violations against, such servicers) to establish minimum standards with respect to sound management and accountability of programs under this part, except that in no case shall damages be assessed against the United States for the actions or inactions of such servicers;

(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in that office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under the Secretary's control and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 509, 517, 547, and 2679 of title 28;

(3) include in any contract for Federal loan insurance such terms, conditions, and covenants relating to repayment of principal and payment of interest, relating to the Secretary's obligations and rights to those of eligible lenders, and borrowers in case of default, and relating to such other matters as the Secretary determines to be necessary to assure that the purposes of this part will be achieved; and any term, condition, and covenant made pursuant to this paragraph or pursuant to any other provision of this part may be modified by the Secretary, after notice and opportunity for a hearing, if the Secretary finds that the modification is necessary to protect the United States from the risk of unreasonable loss;

(4) subject to the specific limitations in this part, consent to modification, with respect to rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision of any note or other instrument evidencing a loan which has been insured by the Secretary under this part;

(5) enforce, pay, or compromise, any claim on, or arising because of, any such insurance or any guaranty agreement under section 1078(c) of this title; and

(6) enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption.

(b) Financial operations responsibilities

The Secretary shall, with respect to the financial operations arising by reason of this part prepare annually and submit a budget program as provided for wholly owned Government corporations by chapter 91 of title 31. The transactions of the Secretary, including the settle-