

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 4508
OFFERED BY MR. MESSER OF INDIANA**

Insert after section 426 the following:

1 **SEC. 427. ADDITIONAL DISCLOSURES.**

2 Section 433(a) of the Higher Education Act of 1965
3 (20 U.S.C. 1083(a)) is amended—

4 (1) in the matter preceding paragraph (1), by
5 striking the second sentence and inserting “Any dis-
6 closure required by this subsection shall be made on
7 the Plain Language Disclosure Form developed by
8 the Secretary under section 455(p).”;

9 (2) in paragraph (4), by striking “the origina-
10 tion fee and” and inserting “finance charges, the
11 origination fee, and”;

12 (3) by redesignating paragraphs (6) through
13 (19) as paragraphs (7) through (20), respectively;
14 and

15 (4) by inserting after paragraph (5), the fol-
16 lowing:

17 “(6) the annual percentage rate of the loan, as
18 calculated using the standard 10-year repayment
19 term, and how interest accrues and is capitalized

1 during periods when the interest is not paid by the
2 borrower;”.

Insert after section 452 the following:

3 **SEC. 453. PLAIN LANGUAGE DISCLOSURE FORM.**

4 (a) PLAIN LANGUAGE DISCLOSURE FORM.—Section
5 455(p) (20 U.S.C. 1087e(p)) is amended to read as fol-
6 lows:

7 “(p) DISCLOSURES.—

8 “(1) IN GENERAL.—The Secretary shall, with
9 respect to loans under this part and in accordance
10 with such regulations as the Secretary shall pre-
11 scribe, comply with each of the requirements under
12 section 433 that apply to a lender with respect to a
13 loan under part B.

14 “(2) PLAIN LANGUAGE DISCLOSURE FORM.—

15 “(A) DEVELOPMENT AND ISSUANCE OF
16 FORM.—Not later than 24 months after the
17 date of the enactment of this paragraph, the
18 Secretary shall, based on consumer testing, de-
19 velop and issue a model form to be known as
20 the ‘Plain Language Disclosure Form’ that
21 shall be used by the Secretary to comply with
22 paragraph (1).

1 “(B) **FORMAT.**—The Secretary shall en-
2 sure that the Plain Language Disclosure
3 Form—

4 “(i) enables borrowers to easily iden-
5 tify the information required to be dis-
6 closed under section 433(a) with respect to
7 a loan, with emphasis on the loan terms
8 determined by the Secretary, based on con-
9 sumer testing, to be critical to under-
10 standing the total costs of the loan and the
11 estimated monthly repayment;

12 “(ii) has a clear format and design,
13 including easily readable font; and

14 “(iii) is as succinct as practicable.

15 “(C) **CONSULTATION.**—In developing Plain
16 Language Disclosure Form, the Secretary shall,
17 as appropriate, consult with—

18 “(i) the Federal Reserve Board;

19 “(ii) borrowers of loans under this
20 part; and

21 “(iii) other organizations involved in
22 the provision of financial assistance to stu-
23 dents, as identified by the Secretary.

24 “(3) **ELECTRONIC SYSTEM FOR COMPLIANCE.**—

25 In carrying out paragraph (2), Secretary shall de-

1 velop and implement an electronic system to gen-
2 erate a Plain Language Disclosure Form for each
3 borrower that includes personalized information
4 about the borrower and the borrower's loans.

5 “(4) LIMIT ON LIABILITY.—Nothing in this
6 subsection shall be construed to create a private
7 right of action against the Secretary with respect to
8 the form or electronic system developed under this
9 paragraph.

10 “(5) BORROWER SIGNATURE REQUIRED.—Be-
11 ginning after the issuance of the Plain Language
12 Disclosure Form by the Secretary under paragraph
13 (2), a loan may not be issued to a borrower under
14 this part unless the borrower acknowledges to the
15 Secretary, in writing (which may include an elec-
16 tronic signature), that the borrower has read the
17 Plain Language Disclosure Form for the loan con-
18 cerned.

19 “(6) CONSUMER TESTING DEFINED.—In this
20 subsection, the term ‘consumer testing’ means the
21 solicitation of feedback from individuals, including
22 borrowers and prospective borrowers of loans under
23 this part (as determined by the Secretary), about
24 the usefulness of different methods of disclosing ma-
25 terial terms of loans on the Plain Language Disclo-

1 sure Form to maximize borrowers' understanding of
2 the terms and conditions of such loans.”.

3 (b) REPORT TO CONGRESS.—Not later than 3 years
4 after the date of the enactment of this Act, the Secretary
5 of Education shall submit to Congress a report that in-
6 cludes a description of the methods and procedures used
7 to develop the Plain Language Disclosure Form required
8 under section 455(p)(2) of the Higher Education Act of
9 1965 (as added by subsection (a) of this section).

In section 469B(a)(1) of the Higher Education Act of 1965, as proposed to be added by section 462 of the amendment, strike “each institution” and all that follows through the period at the end and insert “section 455(p) shall apply with respect to loans under this part in the same manner that such section applies with respect to loans under part (D).”.

