

116TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To establish that a State-based education loan program is excluded from certain requirements relating to a preferred lender arrangement.

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IN THE SENATE OF THE UNITED STATES

Ms. MURKOWSKI (for herself and Mr. REED) introduced the following bill; which was read twice and referred to the Committee on

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**A BILL**

To establish that a State-based education loan program is excluded from certain requirements relating to a preferred lender arrangement.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “State-based Education  
5 Loan Awareness Act”.

6 **SEC. 2. STATE-BASED EDUCATION LOAN PROGRAMS.**

7 Section 151 of the Higher Education Act of 1965 (20  
8 U.S.C. 1019) is amended—

9 (1) in paragraph (8)(B)—

1 (A) in clause (i), by striking “or” after the  
2 semicolon;

3 (B) in clause (ii), by striking the period at  
4 the end and inserting a semicolon; and

5 (C) by adding at the end the following:

6 “(iii) arrangements or agreements  
7 with respect to education loans made  
8 under a State-based education loan pro-  
9 gram; or

10 “(iv) arrangements or agreements  
11 with respect to education loans funded, in-  
12 sured, or guaranteed by any other Federal  
13 agency that is not the Department of Edu-  
14 cation.”; and

15 (2) by adding at the end the following:

16 “(10) STATE-BASED EDUCATION LOAN PRO-  
17 GRAM.—The term ‘State-based education loan pro-  
18 gram’ means an education loan program that—

19 “(A) is provided by a State agency, State  
20 authority, or nonprofit organization, separately  
21 or jointly;

22 “(B) makes loans that are not funded, in-  
23 sured, or guaranteed by the Federal Govern-  
24 ment;

1           “(C) is authorized, established, or char-  
2           tered by State law, or otherwise approved by  
3           the State;

4           “(D) offers one or more loans for which  
5           the interest rate and fees, as calculated in ac-  
6           cordance with sections 106 and 107 of the  
7           Truth in Lending Act (15 U.S.C. 1605; 1606),  
8           are at least as favorable as the interest rate and  
9           fees of the Direct PLUS loans authorized under  
10          part D of title IV at the time such loan is origi-  
11          nated; and

12          “(E) is available only to a borrower who  
13          has been advised by an institution of higher  
14          education (as defined under section 102)—

15                 “(i) that the borrower has the oppor-  
16                 tunity to exhaust eligibility for Federal  
17                 education loans made under part D of title  
18                 IV prior to accepting a private education  
19                 loan; and

20                 “(ii) of the interest rates, fees, and  
21                 benefits of such Federal education loans,  
22                 including income-driven repayment options,  
23                 opportunities for loan forgiveness, forbear-  
24                 ance or deferment options, interest sub-  
25                 sidies, and tax benefits.”.