

115TH CONGRESS  
1ST SESSION

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

To revise counseling requirements for certain borrowers of student loans  
and for other purposes.

---

IN THE SENATE OF THE UNITED STATES

Mr. GRASSLEY (for himself, Mrs. ERNST, and Mr. FRANKEN) introduced the  
following bill; which was read twice and referred to the Committee on

---

**A BILL**

To revise counseling requirements for certain borrowers of  
student loans and for other purposes.

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 “Know Before You Owe  
5 Federal Student Loan Act of 2017”.

6 **SEC. 2. PRE-LOAN COUNSELING AND CERTIFICATION OF**  
7 **LOAN AMOUNT.**

8 Section 485(l) of the Higher Education Act of 1965  
9 (20 U.S.C. 1092(l)) is amended—



1 to the best of the institution’s knowl-  
2 edge, private loan debt already in-  
3 curred, and the estimated future debt  
4 required to complete the program of  
5 study; and”;

6 (B) by adding at the end the following:

7 “(L) A statement that the borrower should  
8 borrow the minimum amount necessary to cover  
9 expenses and that the borrower does not have  
10 to accept the full amount of loans for which the  
11 borrower is eligible.

12 “(M) A warning that the higher the bor-  
13 rower’s debt-to-income ratio is, the more dif-  
14 ficulty the borrower is likely to experience in re-  
15 paying the loan.

16 “(N) Options for reducing borrowing  
17 through scholarships, reduced expenses, work-  
18 study, or other work opportunities.

19 “(O) An explanation of the importance of  
20 graduating on time to avoid additional bor-  
21 rowing, what course load is necessary to grad-  
22 uate on time, and information on how adding  
23 an additional year of study impacts total in-  
24 debtedness.”;

25 (4) by adding at the end the following:

1           “(3)(A) In addition to the other requirements  
2 of this subsection and in accordance with subpara-  
3 graph (B), each eligible institution shall ensure that  
4 the student manually enter, either in writing or  
5 through electronic means, the exact dollar amount of  
6 Federal Direct Loan funding under part D that  
7 such student desires to borrow.

8           “(B) The eligible institution shall ensure that  
9 the student carries out the activity described in sub-  
10 paragraph (A)—

11                   “(i) in the course of the process used by  
12 the institution for students to accept a student  
13 loan award;

14                   “(ii) prior to the institution certifying a  
15 Federal Direct Loan under part D for disburse-  
16 ment to a student (other than a Federal Direct  
17 Consolidation Loan or a Federal Direct PLUS  
18 loan made on behalf of a student); and

19                   “(iii) after ensuring that the student has  
20 completed all of the pre-loan counseling require-  
21 ments under this subsection.”.

1 **SEC. 3. REQUIRED PERIODIC DISCLOSURES DURING PERI-**  
2 **ODS WHEN LOAN PAYMENTS ARE NOT RE-**  
3 **QUIRED.**

4 Section 433 of the Higher Education Act of 1965 (20  
5 U.S.C. 1083) is amended—

6 (1) by redesignating subsection (f) as sub-  
7 section (g); and

8 (2) by inserting after subsection (e) the fol-  
9 lowing:

10 “(f) **REQUIRED PERIODIC DISCLOSURES DURING PE-**  
11 **RIODS WHEN LOAN PAYMENTS ARE NOT REQUIRED.—**

12 During any period of time when a borrower of one or more  
13 loans, made, insured, or guaranteed under this part or  
14 part D is not required to make a payment to an eligible  
15 lender on the borrower’s loan from that eligible lender,  
16 such eligible lender shall provide such borrower with a  
17 quarterly statement that includes, in simple and under-  
18 standable terms—

19 “(1) the original principal amount of each of  
20 the borrower’s loans, and the original principal  
21 amount of those loans in the aggregate;

22 “(2) the borrower’s current balance, as of the  
23 time of the statement, as applicable;

24 “(3) the interest rate on each loan;

25 “(4) the total amount the borrower has paid in  
26 interest on each loan;

1           “(5) the aggregate amount the borrower has  
2           paid for each loan, including the amount the bor-  
3           rower has paid in interest, the amount the borrower  
4           has paid in fees, and the amount the borrower has  
5           paid against the balance;

6           “(6) the lender’s or loan servicer’s address, toll-  
7           free phone number, and webpage for payment and  
8           billing error purposes, including information about  
9           how a borrower can make voluntary payments when  
10          a loan is not in repayment status;

11          “(7) an explanation—

12                 “(A) that the borrower has the option to  
13                 pay the interest that accrues on each loan while  
14                 the borrower is a student at an institution of  
15                 higher education or during a period of  
16                 deferment or forbearance, if applicable; and

17                 “(B) if the borrower does not pay such in-  
18                 terest while attending an institution or during  
19                 a period of deferment or forbearance, any accu-  
20                 mulated interest on the loan will be capitalized  
21                 when the loan goes into repayment, resulting in  
22                 more interest being paid over the life of the  
23                 loan;

24          “(8) the amount of interest that has accumu-  
25          lated since the last statement based on the typical

1 installment time period and the aggregate interest  
2 accrued to date; and

3 “(9) an explanation that making even small  
4 payments of any unspecified amount while the bor-  
5 rower is a student at an institution of higher edu-  
6 cation, or during a period of deferment or forbear-  
7 ance, if applicable, can help to offset interest accrual  
8 over the life of the loan.”.

9 **SEC. 4. CONFORMING AMENDMENTS.**

10 (a) PROGRAM PARTICIPATION AGREEMENTS.—Sec-  
11 tion 487(e)(2)(B)(ii)(IV) of the Higher Education Act of  
12 1965 (20 U.S.C. 1094(e)(2)(B)(ii)(IV)) is amended—

13 (1) by striking “Entrance and exit counseling”  
14 and inserting “Pre-loan and exit counseling”; and

15 (2) by striking “entrance and exit counseling”  
16 and inserting “pre-loan and exit counseling”.

17 (b) REGULATORY RELIEF AND IMPROVEMENT.—Sec-  
18 tion 487A of the Higher Education Act of 1965 (20  
19 U.S.C. 1094a) is amended by striking “entrance and exit  
20 interviews” and inserting “pre-loan and exit interviews”  
21 each place the term appears.