

[Banking and Finance Law Daily Wrap Up, LOANS—Fed, FDIC advise on voluntary private education loan rehabilitation programs, \(Feb. 4, 2019\)](#)

Banking and Finance Law Daily Wrap Up

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The Federal Reserve Board and FDIC jointly issued an advisory to financial institutions on requirements for voluntary private education loan rehabilitation programs.

The Federal Reserve Board and Federal Deposit Insurance Corporation are advising financial institutions that they may offer voluntary private education loan rehabilitation programs under the Economic Growth, Regulatory Relief, and Consumer Protection Act ([FIL-5-2019](#)). Section 602 of EGRRCPA amended the Fair Credit Reporting Act by giving consumers the opportunity, under certain conditions, to rehabilitate a private education loan that was previously reported as a default.

In a jointly issued [advisory](#), the agencies stated that a loan rehabilitation program under section 602 of EGRRCPA (Section 602 Program) must include a requirement that the consumer make consecutive on-time monthly payments in a number that demonstrates a renewed ability and willingness to repay the loan. If a borrower meets the requirements of a financial institution's Section 602 Program, the financial institution may remove a reported default from the borrower's credit report and the removal of a reported default will not be considered inaccurate under the FCRA for a Section 602 Program that satisfies the statutory requirements. A consumer that successfully meets the Section 602 Program requirements may obtain the benefits available under the program only once per loan.

Financial institutions that intend to offer a Section 602 Program should submit a written request for approval of their program to their appropriate federal banking agency. The Office of the Comptroller of the Currency recently updated the "Student Lending" booklet of the Comptroller's Handbook to provide guidance on the OCC's process for approving a Section 602 Program (see [Banking and Finance Law Daily](#), Jan. 4, 2019).

RegulatoryActivity: ConsumerCredit FairCreditReporting FederalReserveSystem Loans