

# Departments of Education and Treasury and the Consumer Financial Protection Bureau Announce New Joint Efforts to Protect and Support Student Loan Borrowers

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The U.S. Department of Education today announced further action—in coordination with the U.S. Department of the [Treasury](#) and the [Consumer Financial Protection Bureau](#) (CFPB)—to better support the more than 40 million Americans with federal student loans. The actions build on the work of a September 2015 [Joint Statement of Principles on Student Loan Servicing](#) calling for consistency in student loan servicing practices.

Today's announcement includes a [new initiative](#) to modernize the way student loans appear on borrowers' credit reports and a set of [loan servicing objectives](#) that will inform the Department's [goal to build a new state-of-the-art loan servicing system](#) to further improve student loan servicing practices, promote borrowers' successful loan repayment, and reduce borrower defaults. Additionally, the Department is debuting the [studentloans.gov/repay](http://studentloans.gov/repay) landing page, to better inform student loan borrowers about repayment options best-suited for their unique circumstances.

"The Obama Administration continues to look for ways to make college more affordable and accessible for all families. A college degree is one of the best investments a student can make in his or her future, and it remains the clearest path to the middle class," said [U.S. Secretary of Education John B. King Jr.](#) "We want student borrowers to know that they have the support they need to manage their debt and navigate the options available to them to pay back their loans."

Over the past seven years, the Administration has made historic investments in college affordability, reforming the federal loan system to streamline borrowing for students; increasing the maximum Pell Grant by more than \$1,000, and tying the grant to inflation; creating the American Opportunity Tax Credit, worth \$10,000 over 4 years of college; cutting student loan interest rates; simplifying the process for applying for federal financial aid; creating flexible repayment options like the President's Pay As You Earn plan which allows millions of borrowers to cap their monthly loan payments at 10 percent of their income and helping borrowers learn about income-driven repayment plans; and increasing transparency around higher education costs and outcomes to help students and families make better college choices.

In June 2014, President Obama issued a Presidential Memorandum directing the Department to further ease the burden of student loan debt for millions of Americans. To fulfill that promise, in 2015 the Department expanded the opportunity to allow all Direct student loan borrowers to cap monthly payments at 10 percent, regardless of when they borrowed. Also in 2015, the President announced

the [Student Aid Bill of Rights](#), which directed the Department and other federal agencies to do more to help borrowers afford their monthly payments and successfully repay their loans.

Today's actions represent the Administration's longstanding priority to protect students, families and taxpayers while advancing expanded college access, affordability and completion. Together, we are cementing a legacy of fair treatment, ongoing support, and common-sense protections for student loan borrowers.

**Modernizing Credit Reporting for Student Loans** "The servicers that students and former students rely on to help them navigate the repayment process are absolutely critical. Today's announcement should improve customer service on a number of dimensions and further clarify expectations. At the same time, it is critical that servicers be held accountable to ensure delivery on these commitments for student borrowers as they invest in their futures," said Sarah Bloom Raskin, Deputy Secretary of the U.S. Department of the Treasury.

The Departments of Education and Treasury, in consultation with the CFPB, have launched a [new initiative](#) to modernize the way student loans appear on borrowers' credit reports. Student loans can be an important source of credit history for many borrowers. They may be a consumer's first entry into credit markets and consequently, the repayment behavior and accurate documentation are important to pave the way for access to safe and affordable credit.

Borrowers depend on the credit reporting system to fairly, consistently, and accurately reflect their experiences when repaying student loans. Together, the agencies are working with the credit reporting industry to update and develop guidance to ensure that credit reporting for student loans fairly, consistently, and accurately reflects repayment activity.

Borrowers have a right to high credit reporting standards for student loans to protect against erroneous or harmful conclusions being drawn from their credit histories.

**Protecting Student Loan Borrowers: Borrower Repayment Rights** "These new loan repayment rights build on our shared commitment with our federal partners, and our state partners led by Illinois Attorney General Lisa Madigan, to ensure that borrowers are treated fairly and that servicers follow the law," said CFPB Director Richard Cordray. "The Bureau will continue its work to stamp out illegal servicing practices, boost assistance for distressed borrowers, and reform the marketplace."

The Joint Statement of Principles is serving as a guiding framework to improve student loan servicing practices, promote borrower success, and minimize defaults as the Departments of Education and Treasury and the CFPB continue to explore new ways to protect all student loan borrowers and ensure high quality student loan servicing. The [new objectives](#) detail borrowers' rights, including their right to access accurate and actionable information about repayment options, the obligation to provide continued transparency, and borrowers' right to consistency and accountability for their loan servicers.

The Administration has taken steps to [execute a new vision](#) that will reinvent customer service for federal student loan borrowers and ensure that every borrower has the right to an affordable repayment plan, quality customer service, reliable information, and fair treatment as they repay their loans. The Department has challenged the industry to compete to provide world-class service to our

Direct Loan borrowers, and aims to build a new state-of-the-art loan servicing system that creates incentives and guidelines to support a more user-friendly, single online loan management platform. The new student loan servicing objectives we are releasing today will ultimately inform specific directives from the Department for implementation in the new loan [servicing system](#).

**Better Information to Help Borrowers Take Action on their Debt: CFPB Prototype Student Loan Payback Playbook.** The CFPB is seeking comment on a new student loan Payback Playbook for borrowers, which includes [prototype disclosures](#) that provide borrowers with personalized information so they can better understand their repayment options and find a monthly payment they can afford. Borrowers would see a Payback Playbook—in plain language, tailored to their specific circumstances - on their monthly bill, or in regular email communications from their student loan servicer, or when they log into their student loan account, to help borrowers choose the best repayment plan. The Department of Education, working with the CFPB, plans to finalize and implement these disclosures as part of the [new vision for serving student loan borrowers](#) announced earlier this month.

**Launch of StudentLoans.gov/Repay.** To help borrowers easily navigate the complexity of student loan repayment options, the U.S. Digital Service and the Department of Education's Office of Federal Student Aid have launched StudentLoans.gov/Repay to help drive students to their best repayment option in five steps or less. Built mobile-first, and using human-centered design, StudentLoans.gov/Repay was designed to make repayment information as easy to understand as possible.