

# **THE STUDENT LOAN SUNSHINE ACT**

## **Cleaning Up Student Aid**

With college costs increasing, America's students and families are relying more than ever on student loans to help pay for a college degree. Yet ongoing investigations into the student loan industry have revealed that egregious conflicts of interest and corrupt practices among lenders, schools, and public officials are undermining the student loan programs that millions of borrowers have come to depend on. Congressional action is urgently needed to return these programs to their rightful owners: students and parents.

The Student Loan Sunshine Act would clean up the student loan industry and ensure that students and families will encounter a more trust-worthy student aid system by:

### **1. Reinstating Trust in Schools**

- ✓ Require institutions and lenders to adopt strict codes of conduct that adhere to specific guidelines.
- ✓ Ban all gifts, participation on advisory boards, and revenue-sharing agreements between lenders and schools.
- ✓ Require institutions to disclose all relationships with lenders.
- ✓ Ensure that these requirements are upheld through strict enforcement of fines and compliance in annual audits.

### **2. Guaranteeing Loan Options and Ensuring the Best Loan Possible**

- ✓ Only allow "Preferred Lender Lists" on campuses with strict assurances that the list was created with the students' best interest in mind.
- ✓ Require financial aid officers to exercise a duty of care and loyalty when creating a "Preferred Lender List."
- ✓ Ensure that students have access to all lenders of their choice, including those not on the "Preferred Lender Lists."

### **3. Ensuring Equal and Timely Processing of Loans**

- ✓ Ban staffing of school financial aid offices by lenders.
- ✓ Ensure that schools process all loans, from any lender, and do not steer students away from their first choice.

### **4. Giving Students Full and Fair Information When Taking Out and Repaying Loans**

- ✓ Require lenders offering private loans to first inform students of their Federal borrowing options.
- ✓ Require that all exit counseling is provided with the school's involvement and that they inform students of all of their repayment options.
- ✓ Ensure that lenders are up front about borrower benefits and follow all "Truth In Lending Act" provisions.

### **5. Protecting Students from Aggressive Marketing Practices**

- ✓ Instill enforceable marketing protections, including disclosures and notifications to students and institutions by lenders offering private loans.
- ✓ Require lenders and institutions to fully and prominently disclose the terms, conditions, and incentives for all loans.