U.S. Senator Ron Wyden
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Student Loan Servicers Accountability Act of 2024

Background:
About 43 million Americans hold more than $1.6 trillion in student debt, forcing millions of people to delay or deny many of life's biggest milestones like buying a home, having kids, or starting a business. The Biden Administration has made considerable efforts to address this crisis. However, as the Federal student loan portfolio rises, Federal student loan servicers should be held accountable for failing to meet their legal obligations to borrowers.

In January, the Department of Education announced its withholding of more than $2 million in payments to three student loan servicers for failing to send timely billing statements to borrowers. It's clear that the Department needs additional tools to properly protect borrowers as student loan payment issues persist.

Bill Summary:
The *Student Loan Servicers Accountability Act of 2024* would codify the Department's performance mechanisms before entering an agreement with a Federal student loan servicer. By requiring these performance mechanisms from servicers, the bill seeks to protect student loan borrowers, maintain borrower credit ratings, and strengthen requirements for contracts between the Department and Federal student loan servicers.

Specifically, the *Student Loan Servicers Accountability Act* would:

- Amend the Higher Education Act to enhance vetting procedures that consider a servicer's past performance including levels of consumer satisfaction, quality of customer service practices, and the ability to prevent errors and disruptions in services, capture data in the event of a loan transfer, and provide high touch servicing.

- Require servicers to support borrowers from traditionally underrepresented communities by providing forms, automatic website translation, and services in multiple languages.

- Require contract terms to remedy harms to student borrowers that were caused by servicer error including loans to be placed into administrative forbearance during any period with which the servicer has identified servicer error.

- Require servicers to maintain borrower accounts for at least two years after the loan serviced has been paid in full, assigned to collection, or servicing rights are transferred mimicking CA, CO, CT, MA, NJ, and OR state statute. This will help ensure that borrowers are not penalized for servicer errors that occur at the conclusion of the servicer-borrower relationship.

- Direct the Comptroller General, through consultation with relevant agencies, to conduct a study and provide recommendations to assess how transfers and servicer error affect borrowers' credit ratings, the effectiveness of the process to receive and to respond to consumer complaints, and how the United States Data Solution program effectively addresses other issues arising from the transfer of Federal student loans to and from different services.