

At the appropriate place in the bill, insert the following new sections:

SEC. ____. **BORROWER ASSISTANCE AND ADVOCACY**

(a) **PURPOSE.** The federal government intends that students and borrowers receive high quality, professional and unbiased support services to help assure a successful postsecondary education experience. Accordingly, the Secretary shall enter into agreements with guaranty agencies under which such guaranty agencies shall provide borrower assistance services and assist in the proper administration of the student loan program.

(b) **BORROWER ASSISTANCE PROVIDER DEFINED.** As used in this section, a “Borrower Assistance Provider” is any entity with an agreement with the Secretary under section 428(b) and (c).

(c) **BORROWER ASSISTANCE SERVICES.** The services provided by Borrower Assistance Providers under this section shall include, but not be limited to, the following services:

(1) Providing student loan borrowers financial literacy education, including but not limited to providing information on budgeting and personal financial and debt management, on how to pay for post-secondary education, and on the rights and obligations of student loan borrowers;

(2) Encouraging students to refrain from incurring unnecessary student loan debt (including private education loan debt);

(3) Providing or assisting with entrance and exit student loan counseling to borrowers;

(4) Providing resources to assist borrowers in selecting a loan repayment plan and in applying for any loan cancellation, forgiveness, deferment, or forbearance for which they may be eligible;

(5) Working with borrowers to avoid delinquency and default;

- (6) Providing counseling to defaulted borrowers on appropriate account resolution options, including loan rehabilitation;
- (7) Assisting students and families with student loan issue resolution through the Borrower Assistance Provider's ombudsman services or the equivalent;
- (8) Providing training and assistance to institutions of higher education regarding the programs under this Title;
- (9) Working with the Secretary to assure proper administration of the federal student loan programs, including conducting biennial program reviews of participating institutions, including at least each participating institution of higher education located in the State for which the Borrower Assistance Provider is the principal guaranty agency under Part B that has a cohort default rate for either of the two preceding fiscal years that exceeds twenty percent; and
- (10) Outreach and support services for college access and success.

(d) **SCOPE of SERVICES.** Borrower Assistance Providers shall provide borrower assistance services for federal student loans made on or after July 1, 2010, including loans made by the Secretary under Part D, and excluding loans originated under Part E. Every institution of higher education shall receive services from the designated guaranty agency for the state in which it is located or another Borrower Assistance Provider of its choice.

(e) **ACCESS to DATA.** Subject to the Borrower Assistance Provider's agreement to comply with applicable privacy requirements, the Secretary shall provide Borrower Assistance Providers that provide services under this section with such information pertaining to the origination, servicing and collection of loans as is needed for the Borrower Assistance Provider to provide services under this section.

(f) **BORROWER SERVICES FEE.** Each Borrower Assistance Provider shall receive payment from the Secretary for providing borrower assistance services under this section as follows:

(1) The fee shall be three dollars per borrower, per month, and will be paid for each borrower whose loan is part of the portfolio of loans for which the Borrower Assistance Provider provides services.

(2) Such fee shall be deposited into the guaranty agency's Operating Fund established pursuant to section 422B or other similar fund or account established for such purpose.

(3) In fiscal years 2011 to 2014, for each Borrower Assistance Provider providing services under this section to less than 50,000 borrowers annually, the Secretary shall provide a minimum annual fee payment of \$1,500,000.

(4) However, in any event, no more than one Borrower Services Fee (or compensation paid to any guaranty agency for the loan of a borrower originated under Part B, as the case may be) shall be paid by the Secretary with respect to each borrower.

(5) Notwithstanding any other provision, the aggregate fees in this subsection shall not exceed \$2.25 billion from July 1, 2010, to September 30, 2014.

(g) **PERFORMANCE MEASURES.** Borrower Assistance Providers and the Secretary shall jointly develop benchmarks and performance criteria to gauge the effectiveness of activities.

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