



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-5-2019
February 4, 2019

VOLUNTARY PRIVATE EDUCATION LOAN REHABILITATION PROGRAMS

Summary: The FDIC and the Board of Governors of the Federal Reserve System jointly are providing an advisory on *Voluntary Private Education Loan Rehabilitation Programs* to make financial institutions aware of an amendment to section 623 of the Fair Credit Reporting Act (FCRA). This amendment is contained in section 602 of the Economic, Growth, Regulatory Relief and Consumer Protection Act (EGRRCPA). It gives consumers the opportunity to rehabilitate a private education loan with a previously reported default under certain conditions. Financial institutions that choose to establish a private education loan rehabilitation program under Section 602 of the EGRRCPA (Section 602 Program) that satisfies the statutory requirements, including written approval of the terms and conditions from their federal regulatory agency, are entitled to a safe harbor from potential claims under the FCRA related to removal of the reported default.

Statement of Applicability to Institutions Under \$1 Billion in Total Assets: This Financial Institution Letter applies to all FDIC-supervised institutions.

Distribution:

FDIC-Supervised Institutions

Suggested Routing:

Chief Executive Officer
Chief Compliance Officer
Chief Lending Officer

Related Topics:

[FIL-6-2015](#), Guidance on Private Student Loans with Graduated Repayment Terms at Loan Origination

[FIL-35-2013](#), Banking Agencies Encourage Financial Institutions to Work with Student Loan Borrowers Experiencing Financial Difficulties

Attachment:

[Advisory on Voluntary Private Education Loan Rehabilitation Programs](#)

Contact:

Beverlea S. Gardner, Senior Examination Specialist, at Bgardner@fdic.gov or (202) 898-3640

Monika Jansen, Policy Analyst, at mjansen@fdic.gov or (202) 898-7060

FDIC Office of the Ombudsman, at (877) 275-3342 or ombudsman@fdic.gov

Note:

FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's website at www.fdic.gov/news/news/financial/index.html.

To receive FILs electronically, please visit www.fdic.gov/about/subscriptions/index.html.

Paper copies may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (877-275-3342 or 703-562-2200).

Highlights:

- Consumers may request that a financial institution remove a reported default regarding a private education loan.
- As provided by EGRRCPA, a financial institution that chooses to offer a Section 602 Program that satisfies the statutory requirements is entitled to a safe harbor from potential claims under the FCRA of inaccurate reporting for removing a reported default from a consumer's credit report.
- Financial institutions are not required to offer a Section 602 Program.
- An existing or a future private education loan rehabilitation program will not be considered a Section 602 Program unless a financial institution designates it as such and it meets the statutory requirements of section 602 of EGRRCPA.
- An FDIC-supervised financial institution that chooses to offer a Section 602 Program should contact its regional office.
- The FDIC will provide feedback within 120 days of receiving a written request.