

# Washington Student Loan Transparency Act: FAQs

Senate Bill 5022, known as the Washington Student Loan Transparency Act, was created to provide students with consumer information about student loan debt.

## What does this mean for your school?

Beginning July 1, 2018, your school must notify and provide students loan debt information each time they are offered a new or revise a Federal Student Loan or Private Loan certified by the school. "Student education loan" means any loan solely for personal use to finance postsecondary education and costs of attendance at an educational institution.

## Is my school is affected by this new requirement?

If you have students who have borrowed, or will borrow money, to pay tuition through Federal or Private Loans either certified or offered by your school you must provide student loan disclosure information. You must also provide this information if your school has an affiliation with a third-party loan service.



## What information are you required to provide students?

You must provide an estimate based on the latest available information, including:

-  The total amount of student loans taken out by the student.
-  The student's potential "total payoff" of their loans (or range), including principal and interest. This reflects the amount a student must pay to completely satisfy their loans.
-  The student's monthly repayment amount based on a student's total student loan debt and how many years they have to pay it back. Federal student loan borrowers are automatically enrolled in repayment plans if they do not select an alternative plan.
-  Percentage of "total borrowing limit" a student has reached for Federal Loans that apply to a student's program of study. Sometimes referred to as the "aggregate limit," it's the point where a student's loan funding is essentially maxed out.
-  Consumer information about differences between private student loans and federal student loans. For example, with federal student loans, students do not need to start repaying until they graduate, leave school, or change their enrollment status to less than half time. Some private loans require students to repay them while still in school. Federal loans also include income-based repayment plans and loan forgiveness programs.

## Does the information you provide to students guarantee a specific loan repayment obligation?

No. The information you provide students is based on "estimates and ranges" from latest available information.



## What other loan information must be provided?

When you notify students of their loan obligations, you **MUST** include a statement that indicates the information you're providing are "estimates and ranges that are general in nature and not meant to guarantee or promise the actual projected amount." You must also include a statement that a "variety of repayment plans are available for federal student loans that may limit the monthly repayment amount based on income."

## How do I notify students?

You must email students this information. In addition to email you may *also* provide this information to students in writing, in another electronic format, or in person.



## Is there a certain form that must be used?

No. As long as your school emails students the required student loan information, you have fulfilled the requirement.

## Should a copy of the email be kept in the student's file?

It is recommended that you maintain a record of the information that was generated and sent. The student's file can be an electronic file. Each year, when you renew your license, you must attest and verify you are in compliance. Workforce Board staff may also conduct a school visit to audit student files.

## Where can I find student loan consumer information to provide students?

- See Federal Student Aid, U.S. Dept. of Education: <https://studentaid.ed.gov/sa/>
- Federal loan calculator: <https://studentloans.gov/> Then click "Repayment & Consolidation." Then "Repayment Estimator."
- Department of Financial Institutions, Guide to Paying for College and Student Loans: <https://dfi.wa.gov/> Then search "Paying for College."
- Washington State Attorney General's Office, Student Loan Survival Guide <http://www.atg.wa.gov/studentloanresources>

## We offer our own financing and payment plan with no interest. Students make monthly payments and pay off the tuition balance before they graduate. What is our role?



Payment plans or loans with no interest are not considered a private student loan under the Act, and not subject to the student notification requirement.

## We offer private student loans through an outside student loan service. Do we still have to provide notice to the student about their education loan?

Yes, ultimately the school is responsible for ensuring loan information is provided to each student who takes out a student loan. It is suggested that you discuss the requirements with the student loan service to ensure the proper student loan disclosures are provided to the student borrower.

## Can we be held liable for the student loan estimates provided?

No. The legislation specifically states that the notification provided to students must include a statement that *"the estimates and ranges provided are general in nature and not meant as a guarantee or promise of the actual projected amount."*

## Where can I find additional information?

Get more details about the Student Loan Transparency Act at [www.leg.wa.gov](http://www.leg.wa.gov). Click "Bill Information." Then type in "5022" for the 2017-18 session.

