

February 14, 2019

The Honorable Mike Enzi  
U.S. Senate  
379A Russell Senate Office Building  
Washington, DC 20510

Dear Senator Enzi:

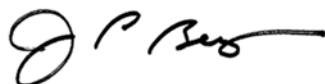
The National Council of Higher Education Resources (NCHER), representing state, nonprofit, and private organizations that assist students, parents, borrowers, and families pay for the costs of postsecondary education, is pleased to support S. 234, the “Transparency in Student Lending Act.” This important bill will improve the information provided to students and parents by requiring the disclosure of the annual percentage rate or APR, which will help federal student loan borrowers understand the true cost of a loan so they can make better financial decisions.

In order to protect consumers and allow them to make accurate and informed decisions when borrowing for college, the Truth-in-Lending Act requires all lenders to disclose the true cost of a loan, including the interest rate, origination fees, and other loan costs, in standard and easy-to-understand language. The only agency that enjoys an exception to this universal requirement is the U.S. Department of Education, which is the largest provider of student and parent loans. Student and parent borrowers with federal student loans cannot make fully informed choices on the best loan option available to them – either public or private – because they are not provided with accurate information about the full cost of their loans.

Federal PLUS Loans made to parents of undergraduates and graduate and professional students carry an interest rate of 7.6 percent, and an origination fee of almost 4.25 percent. In contrast, many state, nonprofit, and private lenders offer fixed rate loans to qualified borrowers with interest rates and origination fees that are significantly lower than the current rate for PLUS Loans. These lower-cost loans are a better choice for parents and graduate students who might be looking at PLUS Loans and are trying to reduce the costs of their postsecondary education. But these borrowers need - and should have - the necessary information so they can make informed decisions about their education.

NCHER commends you for your leadership in ensuring that students and families have access to more accurate information in order to successfully plan and pay for college. Our organization and membership are pleased to endorse S. 234 and to assist in its passage in the 116th Congress.

Sincerely,



James P. Bergeron  
President