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Monica Jackson
Office of the Executive Secretary,
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, DC 20006
(submitted electronically via CFPB_StudentsFedReg@cfpb.gov)

Dear Ms. Jackson:

On behalf of the Association of American Medical Colleges (AAMC), I write regarding the special disclosure requirements for private education loans under Regulation Z (12 CFR Part 226.46) as mandated by the Truth in Lending Act (TILA) and amended by the Higher Education Opportunity Act of 2008 (HEOA, P.L. 110-315). Thank you for this opportunity to comment on the definition of “private education loan” in federal regulations.

The AAMC is a not-for-profit association representing all 136 accredited U.S. and 17 accredited Canadian medical schools; nearly 400 major teaching hospitals and health systems; and nearly 90 academic and scientific societies. Through these institutions and organizations, the AAMC represents 128,000 faculty members, 75,000 medical students, and 110,000 resident physicians.

TILA, as amended by HEOA, defines a private education loan as “a loan provided by a private educational lender that...is not made, insured, or guaranteed under of [sic] title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.);” however, this excludes federal loans made under Title VII and Title VIII of the Public Health Service Act, including Health Professions Student Loans (HPSL), Nursing Student Loans (NSL), Loans for Disadvantaged Students (LDS), and Primary Care Loans (PCL).

Title VII and VIII loans are subsidized federal loans administered by the Health and Human Resources Administration (HRSA) through health professions education institutions and are similar to the campus-based programs authorized under Title IV of the Higher Education Act, particularly the federal Perkins Loan. These loans currently have better interest rates and terms than the federal Direct Stafford and GradPLUS loan programs.

Regulation Z requires additional paperwork, including the Private Education Loan Application Self-Certification that is a burden for students and campus financial aid offices alike. This self-certification includes statements “strongly” encouraging students to pursue “lower-cost” financial aid with the school’s financial aid office. This statement is counter-productive when aid administrators are encouraging students to borrow through the more favorable Title VII and

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VIII programs. Despite good intentions, this conflicting guidance can falsely discredit financial aid administrators, confuse students, and can result in borrowing that is not in the best interest of the student.

The AAMC urges the Consumer Financial Protection Bureau and the Department of Education to recommend that Congress exclude all federal loans, including the Title VII and VIII loans, from the definition of private education loan under the Truth in Lending Act. Thank you for this opportunity to comment on the definition of private education loans under Regulation Z and the importance of Title VII and VIII federal loans in financing postsecondary education for the health professions.

Sincerely,

Matthew Shick
Senior Legislative Analyst, Government Relations
Association of American Medical Colleges