



FEDERAL RESERVE BANK *of* KANSAS CITY

February 17, 2015

Subject: Guidance on Private Student Loans with Graduated Repayment Terms at Origination

**To the Chief Executive Officer of Each Tenth District State Member Bank, Bank Holding Company, and Savings and Loan Holding Company:**

On January 29, 2015, the Board of Governors (Board) of the Federal Reserve System, in conjunction with the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the State Liaison Committee of the Federal Financial Institutions Examination Council, issued guidance that addresses principles that financial institutions should consider in their policies and procedures for originating private student loans with graduated repayment terms.

The guidance emphasizes the need for financial institutions to engage in prudent underwriting that promotes safe and sound lending practices and to ensure compliance with applicable federal and state consumer laws and regulations.

A copy of the joint SR 15-2 and CA 15-1 letter is available on the Board's public web site at <http://www.federalreserve.gov/bankinforeg/srletters/sr1502.htm>. Please direct any questions concerning the guidance to your Federal Reserve Bank of Kansas City central point of contact or Consumer Affairs contact at (800) 333-1010.

Sincerely,

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