

116TH CONGRESS
2D SESSION

H. R. 6397

To amend the Higher Education Act of 1965 to provide for the refinancing of certain Federal student loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 2020

Mr. COURTNEY (for himself, Mr. BLUMENAUER, Mr. BROWN of Maryland, Mr. CÁRDENAS, Mr. CICILLINE, Mr. CISNEROS, Mr. DEFazio, Ms. DELAURO, Ms. DELBENE, Mrs. DINGELL, Mr. MICHAEL F. DOYLE of Pennsylvania, Ms. ESCOBAR, Mr. FOSTER, Mrs. HAYES, Mr. HIMES, Mr. KILMER, Mr. LARSON of Connecticut, Ms. LEE of California, Mr. LYNCH, Mr. MCNERNEY, Ms. NORTON, Mr. PAYNE, Mr. PERLMUTTER, Mr. PETERS, Mr. PETERSON, Mr. PHILLIPS, Mr. RUSH, Mr. RYAN, Ms. SÁNCHEZ, Ms. SCHAKOWSKY, Mr. DAVID SCOTT of Georgia, Ms. SEWELL of Alabama, Ms. SLOTKIN, Mr. SOTO, Mr. STANTON, Mr. SWALWELL of California, Mr. TAKANO, Mr. WELCH, Mr. YARMUTH, Ms. BASS, and Mr. CROW) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To amend the Higher Education Act of 1965 to provide for the refinancing of certain Federal student loans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Coronavirus Emer-
5 gency Student Loan Refinancing Act”.

1 **TITLE I—REFINANCING**
2 **PROGRAMS**

3 **SEC. 101. REFINANCING PROGRAMS.**

4 (a) PROGRAM AUTHORITY.—Section 451(a) of the
5 Higher Education Act of 1965 (20 U.S.C. 1087a(a)) is
6 amended—

7 (1) by striking “and (2)” and inserting “(2)”;

8 and

9 (2) by inserting “; and (3) to make loans under
10 section 460A and section 460B” after “section
11 459A”.

12 (b) REFINANCING PROGRAM.—Part D of title IV of
13 the Higher Education Act of 1965 (20 U.S.C. 1087a et
14 seq.) is amended by adding at the end the following:

15 **“SEC. 460A. REFINANCING FFEL AND FEDERAL DIRECT**
16 **LOANS.**

17 “(a) IN GENERAL.—Beginning not later than 30
18 days after the date of enactment of the Coronavirus Emer-
19 gency Student Loan Refinancing Act, the Secretary shall
20 establish a program under which the Secretary, upon the
21 receipt of an application from a qualified borrower, makes
22 a loan under this part, in accordance with the provisions
23 of this section, in order to permit the borrower to obtain
24 the interest rate provided under subsection (c).

25 “(b) REFINANCING DIRECT LOANS.—

1 “(1) FEDERAL DIRECT LOANS.—Upon applica-
2 tion of a qualified borrower, the Secretary shall
3 repay a Federal Direct Stafford Loan, a Federal Di-
4 rect Unsubsidized Stafford Loan, a Federal Direct
5 PLUS Loan, or a Federal Direct Consolidation
6 Loan of the qualified borrower, for which the first
7 disbursement was made, or the application for the
8 consolidation loan was received, before July 1, 2020,
9 with the proceeds of a refinanced Federal Direct
10 Stafford Loan, a Federal Direct Unsubsidized Staf-
11 ford Loan, a Federal Direct PLUS Loan, or a Fed-
12 eral Direct Consolidation Loan, respectively, issued
13 to the borrower in an amount equal to the sum of
14 the unpaid principal, accrued unpaid interest, and
15 late charges of the original loan.

16 “(2) REFINANCING FFEL PROGRAM LOANS AS
17 REFINANCED FEDERAL DIRECT LOANS.—Upon ap-
18 plication of a qualified borrower for any loan that
19 was made, insured, or guaranteed under part B and
20 for which the first disbursement was made, or the
21 application for the consolidation loan was received,
22 before July 1, 2010, the Secretary shall make a loan
23 under this part, in an amount equal to the sum of
24 the unpaid principal, accrued unpaid interest, and

1 late charges of the original loan to the borrower in
2 accordance with the following:

3 “(A) The Secretary shall pay the proceeds
4 of such loan to the eligible lender of the loan
5 made, insured, or guaranteed under part B, in
6 order to discharge the borrower from any re-
7 maining obligation to the lender with respect to
8 the original loan.

9 “(B) A loan made under this section that
10 was originally a loan made, insured, or guaran-
11 teed—

12 “(i) under section 428 shall be a Fed-
13 eral Direct Stafford Loan;

14 “(ii) under section 428B shall be a
15 Federal Direct PLUS Loan;

16 “(iii) under section 428H shall be a
17 Federal Direct Unsubsidized Stafford
18 Loan; and

19 “(iv) under section 428C shall be a
20 Federal Direct Consolidation Loan.

21 “(C) The interest rate for each loan made
22 by the Secretary under this paragraph shall be
23 the rate provided under subsection (e).

24 “(c) INTEREST RATES.—

1 “(1) IN GENERAL.—The interest rate for the
2 refinanced Federal Direct Stafford Loans, Federal
3 Direct Unsubsidized Stafford Loans, Federal Direct
4 PLUS Loans, and Federal Direct Consolidation
5 Loans, shall be a rate equal to—

6 “(A) in any case where the original loan
7 was a loan under section 428 or 428H, a Fed-
8 eral Direct Stafford loan, or a Federal Direct
9 Unsubsidized Stafford Loan, that was issued to
10 an undergraduate student, a rate equal to the
11 lowest yield on the 10-year Treasury note in the
12 preceding 6 months plus 2.05 percent;

13 “(B) in any case where the original loan
14 was a loan under section 428 or 428H, a Fed-
15 eral Direct Stafford Loan, or a Federal Direct
16 Unsubsidized Stafford Loan, that was issued to
17 a graduate or professional student, a rate equal
18 to the lowest yield on the 10-year Treasury note
19 in the preceding 6 months plus 3.6 percent;

20 “(C) in any case where the original loan
21 was a loan under section 428B or a Federal Di-
22 rect PLUS Loan, a rate equal to the lowest
23 yield on the 10-year Treasury note in the pre-
24 ceding 6 months plus 4.6 percent; and

1 “(D) in any case where the original loan
2 was a loan under section 428C or a Federal Di-
3 rect Consolidation Loan, a rate calculated in ac-
4 cordance with paragraph (2).

5 “(2) INTEREST RATES FOR CONSOLIDATION
6 LOANS.—

7 “(A) METHOD OF CALCULATION.—In
8 order to determine the interest rate for any re-
9 financed Federal Direct Consolidation Loan
10 under paragraph (1)(D), the Secretary shall—

11 “(i) determine each of the component
12 loans that were originally consolidated in
13 the loan under section 428C or the Federal
14 Direct Consolidation Loan, and calculate
15 the proportion of the unpaid principal bal-
16 ance of the loan under section 428C or the
17 Federal Direct Consolidation Loan that
18 each component loan represents;

19 “(ii) use the proportions determined
20 in accordance with clause (i) and the inter-
21 est rate applicable for each component
22 loan, as determined under subparagraph
23 (B), to calculate the weighted average of
24 the interest rates on the loans consolidated

1 into the loan under section 428C or the
2 Federal Direct Consolidation Loan; and

3 “(iii) apply the weighted average cal-
4 culated under clause (ii) as the interest
5 rate for the refinanced Federal Direct Con-
6 solidation Loan.

7 “(B) INTEREST RATES FOR COMPONENT
8 LOANS.—The interest rates for the component
9 loans of a loan made under section 428C or a
10 Federal Direct Consolidation Loan shall be the
11 following:

12 “(i) The interest rate for any loan
13 under section 428 or 428H, Federal Direct
14 Stafford Loan, or Federal Direct Unsub-
15 subsidized Stafford Loan issued to an under-
16 graduate student shall be a rate equal to
17 the lesser of—

18 “(I) the rate for Federal Direct
19 Stafford Loans and Federal Direct
20 Unsubsidized Stafford Loans issued
21 to undergraduate students for the 12-
22 month period beginning on July 1,
23 2020, and ending on June 30, 2021;
24 or

1 “(II) the original interest rate of
2 the component loan.

3 “(ii) The interest rate for any loan
4 under section 428 or 428H, Federal Direct
5 Stafford Loan, or Federal Direct Unsub-
6 sidized Stafford Loan issued to a graduate
7 or professional student shall be a rate
8 equal to the lesser of—

9 “(I) the rate for Federal Direct
10 Unsubsidized Stafford Loans issued
11 to graduate or professional students
12 for the 12-month period beginning on
13 July 1, 2020, and ending on June 30,
14 2021; or

15 “(II) the original interest rate of
16 the component loan.

17 “(iii) The interest rate for any loan
18 under section 428B or Federal Direct
19 PLUS Loan shall be a rate equal to the
20 lesser of—

21 “(I) the rate for Federal Direct
22 PLUS Loans for the 12-month period
23 beginning on July 1, 2020, and end-
24 ing on June 30, 2021; or

1 “(II) the original interest rate of
2 the component loan.

3 “(iv) The interest rate for any compo-
4 nent loan that is a loan under section
5 428C or a Federal Direct Consolidation
6 Loan shall be the weighted average of the
7 interest rates that would apply under this
8 subparagraph for each loan comprising the
9 component consolidation loan.

10 “(v) The interest rate for any eligible
11 loan that is a component of a loan made
12 under section 428C or a Federal Direct
13 Consolidation Loan and is not described in
14 clauses (i) through (iv) shall be the inter-
15 est rate on the original component loan.

16 “(3) FIXED RATE.—The applicable rate of in-
17 terest determined under paragraph (1) for a refi-
18 nanced loan under this section shall be fixed for the
19 period of the loan.

20 “(d) TERMS AND CONDITIONS OF LOANS.—

21 “(1) IN GENERAL.—A loan that is refinanced
22 under this section shall have the same terms and
23 conditions as the original loan, except as otherwise
24 provided in this section.

1 “(2) NO AUTOMATIC EXTENSION OF REPAY-
2 MENT PERIOD.—Refinancing a loan under this sec-
3 tion shall not result in the extension of the duration
4 of the repayment period of the loan, and the bor-
5 rower shall retain the same repayment term that
6 was in effect on the original loan. Nothing in this
7 paragraph shall be construed to prevent a borrower
8 from electing a different repayment plan at any time
9 in accordance with section 455(d)(3).

10 “(e) DEFINITION OF QUALIFIED BORROWER.—

11 “(1) IN GENERAL.—For purposes of this sec-
12 tion, the term ‘qualified borrower’ means a bor-
13 rower—

14 “(A) of a loan under this part or part B
15 for which the first disbursement was made, or
16 the application for a consolidation loan was re-
17 ceived, before July 1, 2020; and

18 “(B) who meets the eligibility requirements
19 based on income or debt-to-income ratio estab-
20 lished by the Secretary.

21 “(2) INCOME REQUIREMENTS.—Not later than
22 30 days after the date of enactment of the
23 Coronavirus Emergency Student Loan Refinancing
24 Act, the Secretary shall establish eligibility require-
25 ments based on income or debt-to-income ratio that

1 take into consideration providing access to refi-
2 nancing under this section for borrowers with the
3 greatest financial need.

4 “(f) NOTIFICATION TO BORROWERS.—The Secretary,
5 in coordination with the Director of the Bureau of Con-
6 sumer Financial Protection, shall undertake a campaign
7 to alert borrowers of loans that are eligible for refinancing
8 under this section that the borrowers are eligible to apply
9 for such refinancing. The campaign shall include the fol-
10 lowing activities:

11 “(1) Developing consumer information mate-
12 rials about the availability of Federal student loan
13 refinancing.

14 “(2) Requiring servicers of loans under this
15 part or part B to provide such consumer information
16 to borrowers in a manner determined appropriate by
17 the Secretary, in consultation with the Director of
18 the Bureau of Consumer Financial Protection.

19 **“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN**
20 **PROGRAM.**

21 “(a) DEFINITIONS.—In this section:

22 “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—
23 The term ‘eligible private education loan’ means a
24 private education loan, as defined in section 140(a)

1 of the Truth in Lending Act (15 U.S.C. 1650(a)),
2 that—

3 “(A) was disbursed to the borrower before
4 July 1, 2020; and

5 “(B) was for the borrower’s own postsec-
6 ondary educational expenses for an eligible pro-
7 gram at an institution of higher education par-
8 ticipating in the loan program under this part,
9 as of the date that the loan was disbursed.

10 “(2) FEDERAL DIRECT REFINANCED PRIVATE
11 LOAN.—The term ‘Federal Direct Refinanced Pri-
12 vate Loan’ means a loan issued under subsection
13 (b)(1).

14 “(3) PRIVATE EDUCATIONAL LENDER.—The
15 term ‘private educational lender’ has the meaning
16 given the term in section 140(a) of the Truth in
17 Lending Act (15 U.S.C. 1650(a)).

18 “(4) QUALIFIED BORROWER.—The term ‘quali-
19 fied borrower’ means an individual who—

20 “(A) has an eligible private education loan;

21 “(B) has been current on payments on the
22 eligible private education loan for the 6 months
23 prior to the date of the qualified borrower’s ap-
24 plication for refinancing under this section, and

1 is in good standing on the loan at the time of
2 such application;

3 “(C) is not in default on the eligible pri-
4 vate education loan or on any loan made, in-
5 sured, or guaranteed under this part or part B
6 or E; and

7 “(D) meets the eligibility requirements de-
8 scribed in subsection (b)(2).

9 “(b) PROGRAM AUTHORIZED.—

10 “(1) IN GENERAL.—The Secretary, in consulta-
11 tion with the Secretary of the Treasury, shall carry
12 out a program under which the Secretary, upon ap-
13 plication by a qualified borrower who has an eligible
14 private education loan, shall issue such borrower a
15 loan under this part in accordance with the fol-
16 lowing:

17 “(A) The loan issued under this program
18 shall be in an amount equal to the sum of the
19 unpaid principal, accrued unpaid interest, and
20 late charges of the private education loan.

21 “(B) The Secretary shall pay the proceeds
22 of the loan issued under this program to the
23 private educational lender of the private edu-
24 cation loan, in order to discharge the qualified

1 borrower from any remaining obligation to the
2 lender with respect to the original loan.

3 “(C) The Secretary shall require that the
4 qualified borrower undergo loan counseling that
5 provides all of the information and counseling
6 required under clauses (i) through (viii) of sec-
7 tion 485(b)(1)(A) before the loan is refinanced
8 in accordance with this section, and before the
9 proceeds of such loan are paid to the private
10 educational lender.

11 “(D) The Secretary shall issue the loan as
12 a Federal Direct Refinanced Private Loan,
13 which shall have the same terms, conditions,
14 and benefits as a Federal Direct Unsubsidized
15 Stafford Loan, except as otherwise provided in
16 this section.

17 “(2) BORROWER ELIGIBILITY.—Not later than
18 30 days after the date of enactment of the
19 Coronavirus Emergency Student Loan Refinancing
20 Act, the Secretary, in consultation with the Sec-
21 retary of the Treasury and the Director of the Bu-
22 reau of Consumer Financial Protection, shall estab-
23 lish eligibility requirements—

24 “(A) based on income or debt-to-income
25 ratio that take into consideration providing ac-

1 cess to refinancing under this section for bor-
2 rowers with the greatest financial need;

3 “(B) to ensure eligibility only for bor-
4 rowers in good standing;

5 “(C) to minimize inequities between Fed-
6 eral Direct Refinanced Private Loans and other
7 Federal student loans;

8 “(D) to preclude windfall profits for pri-
9 vate educational lenders; and

10 “(E) to ensure full access to the program
11 authorized in this subsection for borrowers with
12 private loans who otherwise meet the criteria
13 established in accordance with subparagraphs
14 (A) and (B).

15 “(c) INTEREST RATE.—

16 “(1) IN GENERAL.—The interest rate for a
17 Federal Direct Refinanced Private Loan is—

18 “(A) in the case of a Federal Direct Refi-
19 nanced Private Loan for a private education
20 loan originally issued for undergraduate post-
21 secondary educational expenses, a rate equal to
22 the lowest yield on the 10-year Treasury note in
23 the preceding 6 months plus 2.05 percent; and

24 “(B) in the case of a Federal Direct Refi-
25 nanced Private Loan for a private education

1 loan originally issued for graduate or profes-
2 sional degree postsecondary educational ex-
3 penses, a rate equal to the lowest yield on the
4 10-year Treasury note in the preceding 6
5 months plus 3.6 percent.

6 “(2) COMBINED UNDERGRADUATE AND GRAD-
7 UATE STUDY LOANS.—If a Federal Direct Refi-
8 nanced Private Loan is for a private education loan
9 originally issued for both undergraduate and grad-
10 uate or professional postsecondary educational ex-
11 penses, the interest rate shall be a lowest yield on
12 the 10-year Treasury note in the preceding 6
13 months plus 4.6 percent.

14 “(3) FIXED RATE.—The applicable rate of in-
15 terest determined under this subsection for a Fed-
16 eral Direct Refinanced Private Loan shall be fixed
17 for the period of the loan.

18 “(d) NO INCLUSION IN AGGREGATE LIMITS.—The
19 amount of a Federal Direct Refinanced Private Loan, or
20 a Federal Direct Consolidated Loan to the extent such
21 loan was used to repay a Federal Direct Refinanced Pri-
22 vate Loan, shall not be included in calculating a bor-
23 rower’s annual or aggregate loan limits under section 428
24 or 428H.

1 “(e) NO ELIGIBILITY FOR SERVICE-RELATED RE-
2 PAYMENT.—Notwithstanding sections 428K(a)(2)(A),
3 428L(b)(2), 455(m)(3)(A), and 460(b), a Federal Direct
4 Refinanced Private Loan, or any Federal Direct Consoli-
5 dation Loan to the extent such loan was used to repay
6 a Federal Direct Refinanced Private Loan, shall not be
7 eligible for any loan repayment or loan forgiveness pro-
8 gram under section 428K, 428L, or 460 or for the repay-
9 ment plan for public service employees under section
10 455(m).

11 “(f) NOTIFICATION TO BORROWERS.—The Secretary,
12 in coordination with the Secretary of the Treasury and
13 the Director of the Bureau of Consumer Financial Protec-
14 tion, shall undertake a campaign to alert borrowers about
15 the availability of private student loan refinancing under
16 this section.”.

17 (c) AMENDMENTS TO PUBLIC SERVICE REPAYMENT
18 PLAN PROVISIONS.—Section 455(m) of the Higher Edu-
19 cation Act of 1965 (20 U.S.C. 1087e(m)) is amended—

20 (1) by redesignating paragraphs (3) and (4) as
21 paragraphs (4) and (5), respectively;

22 (2) by inserting after paragraph (2) the fol-
23 lowing:

24 “(3) SPECIAL RULES FOR SECTION 460A
25 LOANS.—

1 “(A) REFINANCED FEDERAL DIRECT
2 LOANS.—Notwithstanding paragraph (1), in de-
3 termining the number of monthly payments
4 that meet the requirements of such paragraph
5 for an eligible Federal Direct Loan refinanced
6 under section 460A that was originally a loan
7 under this part, the Secretary shall include all
8 monthly payments made on the original loan
9 that meet the requirements of such paragraph.

10 “(B) REFINANCED FFEL LOANS.—In the
11 case of an eligible Federal Direct Loan refi-
12 nanced under section 460A that was originally
13 a loan under part B, only monthly payments
14 made after the date on which the loan was refi-
15 nanced may be included for purposes of para-
16 graph (1).”; and

17 (3) in paragraph (4)(A) (as redesignated by
18 paragraph (1)), by inserting “(including any Federal
19 Direct Stafford Loan, Federal Direct PLUS Loan,
20 Federal Direct Unsubsidized Stafford Loan, or Fed-
21 eral Direct Consolidation Loan refinanced under sec-
22 tion 460A)” before the period at the end.

23 (d) INCOME-BASED REPAYMENT.—Section 493C of
24 the Higher Education Act of 1965 (20 U.S.C. 1098e) is
25 amended by adding at the end the following:

1 “(f) SPECIAL RULE FOR REFINANCED LOANS.—

2 “(1) REFINANCED FEDERAL DIRECT AND FFEL
3 LOANS.—In calculating the period of time during
4 which a borrower of a loan that is refinanced under
5 section 460A has made monthly payments for pur-
6 poses of subsection (b)(7), the Secretary shall deem
7 the period to include all monthly payments made for
8 the original loan, and all monthly payments made
9 for the refinanced loan, that otherwise meet the re-
10 quirements of this section.

11 “(2) FEDERAL DIRECT REFINANCED PRIVATE
12 LOANS.—In calculating the period of time during
13 which a borrower of a Federal Direct Refinanced
14 Private Loan under section 460B has made monthly
15 payments for purposes of subsection (b)(7), the Sec-
16 retary shall include only payments—

17 “(A) that are made after the date of the
18 issuance of the Federal Direct Refinanced Pri-
19 vate Loan; and

20 “(B) that otherwise meet the requirements
21 of this section.”.

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