

112TH CONGRESS
2D SESSION

H. R. 6510

To require holders of Federal student loans and private education loans to apply prepayment amounts toward loans with the highest rates of interest.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 21, 2012

Mr. DEUTCH (for himself, Ms. CASTOR of Florida, and Mr. ANDREWS) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To require holders of Federal student loans and private education loans to apply prepayment amounts toward loans with the highest rates of interest.

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 “Student Loan Prepay-
5 ment Standardization Act”.

6 **SEC. 2. APPLICATION OF PREPAYMENT AMOUNTS.**

7 Section 455(d) of the Higher Education Act of 1965
8 (20 U.S.C. 1087e(d)) is amended by adding at the end
9 the following new paragraph:

1 “(6) APPLICATION OF PREPAYMENT
2 AMOUNTS.—

3 “(A) IN GENERAL.—Notwithstanding any
4 other provision of this subsection or any other
5 provision of law, with respect to private edu-
6 cation loans or loans under this part or part B
7 made to a borrower, which are held by the same
8 holder and which have different applicable rates
9 of interest, the holder of such loans shall apply
10 the borrower’s prepayment amount for such
11 loans, first toward any fees due on such loans
12 (including any late charges accrued or collection
13 costs), and then, except if otherwise requested
14 by the borrower, toward the outstanding bal-
15 ance of interest and principal due on the loan
16 with the highest applicable rate of interest
17 among such loans.

18 “(B) INCOME-BASED REPAYMENT.—Sub-
19 paragraph (A) shall not apply to an income-
20 based repayment plan under section 493C.

21 “(C) DEFINITION.—The term ‘private edu-
22 cation loan’ has the meaning given the term in
23 section 140 of the Truth in Lending Act.”.

1 **SEC. 3. CONTRACT REQUIREMENT.**

2 Section 456(a)(2) of the Higher Education Act of
3 1965 (20 U.S.C. 1087f(a)(2)) is amended by inserting be-
4 fore the period at the end of the first sentence the fol-
5 lowing: “, including the requirement with respect to the
6 application of prepayment amounts under section
7 455(d)(6)”.

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