

110TH CONGRESS
2D SESSION

H. R. 5715

To ensure continued availability of access to the Federal student loan program
for students and families.

IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 2008

Mr. GEORGE MILLER of California (for himself, Mr. McKEON, Mr. HINOJOSA, Mr. ALTMIRE, Ms. SHEA-PORTER, Mr. HARE, Mr. HOLT, Mr. COURTNEY, Mr. GRIJALVA, Mr. SARBANES, Mr. SCOTT of Virginia, Ms. WOOLSEY, Mr. BISHOP of New York, Ms. HIRONO, Mr. LOEBSACK, Mr. WU, and Mr. SESTAK) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To ensure continued availability of access to the Federal
student loan program for students and families.

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 title may be cited as the “Ensuring Continued
5 Access to Student Loans Act of 2008”.

1 **SEC. 2. INCREASING UNSUBSIDIZED STAFFORD LOAN LIM-**
2 **ITS FOR UNDERGRADUATE AND GRADUATE**
3 **STUDENTS.**

4 (a) AMENDMENTS.—Subsection (d) of section 428H
5 of the Higher Education Act of 1965 (20 U.S.C. 1078–
6 8(d)) is amended to read as follows:

7 “(d) LOAN LIMITS.—

8 “(1) IN GENERAL.—Except as provided in para-
9 graphs (2), (3), and (4), the annual and aggregate
10 limits for loans under this section shall be the same
11 as those established under section 428(b)(1), less
12 any amount received by such student pursuant to
13 the subsidized loan program established under sec-
14 tion 428.

15 “(2) LIMITS FOR GRADUATE AND PROFES-
16 SIONAL STUDENTS.—

17 “(A) ANNUAL LIMITS.—The maximum an-
18 nual amount of loans under this section a grad-
19 uate or professional student may borrow in any
20 academic year (as defined in section 481(a)(2))
21 or its equivalent shall be the amount deter-
22 mined under paragraph (1), plus—

23 “(i) in the case of such a student who
24 is a graduate or professional student at-
25 tending an eligible institution, \$14,000;
26 and

1 “(ii) in the case of a graduate student
2 enrolled in coursework specified in sections
3 484(b)(3)(B) and 484(b)(4)(B), \$7,000;
4 except in cases where the Secretary determines,
5 that a higher amount is warranted in order to
6 carry out the purpose of this part with respect
7 to students engaged in specialized training re-
8 quiring exceptionally high costs of education,
9 but the annual insurable limit per student shall
10 not be deemed to be exceeded by a line of credit
11 under which actual payments by the lender to
12 the borrower will not be made in any years in
13 excess of the annual limit.

14 “(B) AGGREGATE LIMIT.—The maximum
15 aggregate amount of loans under this section a
16 student described in subparagraph (A) may
17 borrow shall be the amount described in para-
18 graph (1), adjusted to reflect the increased an-
19 nual limits described in subparagraph (A), as
20 prescribed by the Secretary by regulation.

21 “(3) LIMITS FOR UNDERGRADUATE DEPEND-
22 ENT STUDENTS.—

23 “(A) ANNUAL LIMITS.—The maximum an-
24 nual amount of loans under this section an un-
25 dergraduate dependent student (except an un-

1 dergraduate dependent student whose parents
2 are unable to borrow under section 428B or the
3 Federal Direct PLUS Loan Program) may bor-
4 row in any academic year (as defined in section
5 481(a)(2)) or its equivalent shall be the sum of
6 the amount determined under paragraph (1),
7 plus \$2,000.

8 “(B) AGGREGATE LIMITS.—The maximum
9 aggregate amount of loans under this section a
10 student described in subparagraph (A) may
11 borrow shall be \$31,000.

12 “(4) LIMITS FOR UNDERGRADUATE INDE-
13 PENDENT STUDENTS.—

14 “(A) ANNUAL LIMITS.—The maximum an-
15 nual amount of loans under this section an un-
16 dergraduate independent student, or an under-
17 graduate dependent student whose parents are
18 unable to borrow under section 428B or the
19 Federal Direct PLUS Loan Program, may bor-
20 row in any academic year (as defined in section
21 481(a)(2)) or its equivalent shall be the sum of
22 the amount determined under paragraph (1),
23 plus—

24 “(i) in the case of such a student at-
25 tending an eligible institution who has not

1 completed such student's first 2 years of
2 undergraduate study—

3 “(I) \$6,000, if such student is
4 enrolled in a program whose length is
5 at least one academic year in length;
6 or

7 “(II) if such student is enrolled
8 in a program of undergraduate edu-
9 cation which is less than one academic
10 year, the maximum annual loan
11 amount that such student may receive
12 may not exceed the amount that bears
13 the same ratio to the amount specified
14 in clause (i) as the length of such pro-
15 gram measured in semester, trimester,
16 quarter, or clock hours bears to one
17 academic year;

18 “(ii) in the case of such a student at
19 an eligible institution who has successfully
20 completed such first and second years but
21 has not successfully completed the remain-
22 der of a program of undergraduate edu-
23 cation—

24 “(I) \$7,000; or

1 “(II) if such student is enrolled
2 in a program of undergraduate edu-
3 cation, the remainder of which is less
4 than one academic year, the maximum
5 annual loan amount that such student
6 may receive may not exceed the
7 amount that bears the same ratio to
8 the amount specified in subclause (I)
9 as such remainder measured in semes-
10 ter, trimester, quarter, or clock hours
11 bears to one academic year; and

12 “(iii) in the case of such a student en-
13 rolled in coursework specified in sections
14 484(b)(3)(B) and 484(b)(4)(B), \$6,000 for
15 coursework necessary for enrollment in an
16 undergraduate degree or certificate pro-
17 gram.

18 “(B) AGGREGATE LIMITS.—The maximum
19 aggregate amount of loans under this section a
20 student described in subparagraph (A) may
21 borrow shall be \$57,500.

22 “(5) CAPITALIZED INTEREST.—Interest capital-
23 ized shall not be deemed to exceed a maximum ag-
24 gregate amount determined under subparagraph (B)
25 of paragraph (2), (3), or (4).”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall be effective for loans issued on or after
3 July 1, 2008.

4 **SEC. 3. GRACE PERIOD FOR PARENT PLUS LOANS.**

5 (a) AMENDMENT.—Section 428B(d) (20 U.S.C.
6 1078–2(d)) is amended by amending paragraphs (1) and
7 (2) to read as follows:

8 “(1) COMMENCEMENT OF REPAYMENT.—Re-
9 payment of principal on loans made under this sec-
10 tion shall—

11 “(A) commence not later than—

12 “(i) 60 days after the date such loan
13 is disbursed by the lender, except as pro-
14 vided in clause (ii); and

15 “(ii) if agreed upon by a parent bor-
16 rower, the day after 6 months after the
17 date the student for whom the loan is bor-
18 rowed ceases to carry at least one-half the
19 normal full-time academic workload (as de-
20 termined by the institution); and

21 “(B) be subject to deferral during any pe-
22 riod during which the graduate or professional
23 student or the parent meets the conditions re-
24 quired for a deferral under section 427(a)(2)(C)
25 or 428(b)(1)(M).

1 “(2) CAPITALIZATION OF INTEREST.—

2 “(A) IN GENERAL.—Interest on loans
3 made under this section—

4 “(i) which accrues prior to the begin-
5 ning of repayment under paragraph
6 (1)(A)(i), shall be added to the principal
7 amount of the loan; and

8 “(ii) which accrues prior to the begin-
9 ning of repayment under paragraph
10 (1)(A)(ii) or during a period in which pay-
11 ments of principal are deferred pursuant to
12 paragraph (1)(B) shall, if agreed upon by
13 the borrower and the lender—

14 “(I) be paid monthly or quar-
15 terly; or

16 “(II) be added to the principal
17 amount of the loan not more fre-
18 quently than quarterly by the lender.

19 “(B) INSURABLE LIMITS.—Capitalization
20 of interest under this paragraph shall not be
21 deemed to exceed the annual insurable limit on
22 account of the borrower.”.

23 (b) CONFORMING AMENDMENT.—Section
24 428(b)(7)(C) (20 U.S.C. 1078(b)(7)(C)) is amended by
25 striking “, 428B,”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall be effective for loans issued on or after
3 July 1, 2008.

4 **SEC. 4. SPECIAL RULES FOR PLUS LOANS.**

5 Section 428B(a)(3) is amended to read as follows:

6 “(3) SPECIAL RULES.—

7 “(A) PARENT BORROWERS.—Whenever
8 necessary to carry out the provisions of this
9 section, the terms ‘student’ and ‘borrower’ as
10 used in this part shall include a parent bor-
11 rower under this section.

12 “(B) EXTENUATING CIRCUMSTANCES.—
13 For loans made on or after July 1, 2008, and
14 before July 1, 2009, a lender may determine
15 that a borrower meets the extenuating cir-
16 cumstances requirement described in regula-
17 tions promulgated by the Secretary to carry out
18 this section or section 455 if the borrower is
19 180 or fewer days delinquent on their home
20 mortgage payments.”.

21 **SEC. 5. LENDER-OF-LAST-RESORT.**

22 (a) IN GENERAL.—Section 428(j) of the Higher Edu-
23 cation Act of 1965 (20 U.S.C. 1078(j)) is amended—

24 (1) in the first sentence of paragraph (1), by
25 striking “students eligible to receive interest benefits

1 paid on their behalf under subsection (a) of this sec-
2 tion who are otherwise unable to obtain loans under
3 this part” and inserting “students and parents who
4 are otherwise unable to obtain loans under this part
5 (except for consolidation loans under section 428C)
6 or who attend an institution of higher education in
7 the State that is designated under paragraph (4)”;

8 (2) in paragraph (2)(B), by inserting “, in the
9 case of students and parents applying for loans
10 under this subsection because of an inability to oth-
11 erwise obtain loans under this part (except for con-
12 solidation loans under section 428C),” after “lender,
13 nor”;

14 (3) in paragraph (3)(C)—

15 (A) in the first sentence, by inserting “or
16 designates an institution of higher education for
17 participation in the program under this sub-
18 section under paragraph (4),” after “under this
19 part”; and

20 (B) in the third sentence, by inserting “or
21 to eligible borrowers who attend an institution
22 in the State that is designated under paragraph
23 (4)” after “problems”; and

24 (4) by adding at the end the following:

1 “(4) INSTITUTION-WIDE STUDENT QUALIFICA-
2 TION.—Upon the request of an institution of higher
3 education and pursuant to standards developed by
4 the Secretary, the guaranty agency designated for a
5 State shall designate such institution for participa-
6 tion in the lender-of-last-resort program under this
7 paragraph. If the guaranty agency designates an in-
8 stitution under this paragraph, such agency shall
9 make loans, in the same manner as such loans are
10 made under paragraph (1), to students and parent
11 borrowers of the designated institution, regardless of
12 whether the students or parent borrowers are other-
13 wise unable to obtain loans under this part (other
14 than a consolidation loan under section 428C).”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 subsection (a) shall take effect on the date of enactment
17 of this Act.

18 **SEC. 6. MANDATORY ADVANCES.**

19 (a) IN GENERAL.—Section 421(b) of the Higher
20 Education Act of 1965 (20 U.S.C. 1071(b)) is amended—

21 (1) in paragraph (4), by striking “programs,
22 and” and inserting “programs,”;

23 (2) in paragraph (5), by striking “agencies.”
24 and inserting “agencies, and”; and

25 (3) by adding at the end the following:

1 seq.) is amended by inserting after section 459 the fol-
2 lowing new section:

3 **“SEC. 459A. TEMPORARY AUTHORITY TO PURCHASE STU-**
4 **DENT LOANS.**

5 “(a) **AUTHORITY TO PURCHASE.**—Upon a deter-
6 mination by the Secretary that there is an inadequate
7 availability of loan capital to meet the demand for loans
8 under sections 428, 428B, and 428H, whether as a result
9 of inadequate liquidity for such loans or for other reasons,
10 the Secretary, in consultation with the Secretary of the
11 Treasury, is authorized to purchase from any eligible lend-
12 er, as defined by section 435(d)(1), loans originated under
13 sections 428, 428B, or 428H on or after October 1, 2003,
14 on such terms as the Secretary determines (after consulta-
15 tion with the Secretary of the Treasury) are in the best
16 interest of the United States, except that any loan pur-
17 chase under this section shall not result in any cost to
18 the Federal Government. The Secretary shall promptly
19 publish any determination under this subsection in the
20 Federal Register.

21 “(b) **PROCEEDS.**—The Secretary shall require, as a
22 condition of any purchase under subsection (a), that the
23 funds paid by the Secretary to any eligible lender under
24 this section shall be used in a manner consistent with en-
25 suring continued participation of such lender in the Fed-

1 eral student loan programs authorized under part B of
2 this title.

3 “(c) EXPIRATION OF AUTHORITY.—The Secretary’s
4 authority to purchase loans under this section shall expire
5 on July 1, 2009.”.

6 (c) CONTRACTING AUTHORITY.—Section 456(b) of
7 the Higher Education Act of 1965 (20 U.S.C. 1087f(b))
8 is amended by inserting “or purchased” after “loans
9 made” each place it appears in paragraphs (2) and (3).

10 **SEC. 8. SENSE OF CONGRESS.**

11 It is a sense of Congress that, at a time when our
12 economy is fragile and higher education and retraining op-
13 portunities are more important than ever—

14 (1) the Federal financial institutions, such as
15 the Federal Financing Bank and Federal Reserve,
16 and federally chartered private entities such as the
17 Federal Home Loan Banks and others, should con-
18 sider, in consultation with the Secretary of Treasury
19 and the Secretary of Education, using available au-
20 thorities in a timely manner, if needed, to assist in
21 ensuring that students and families can access Fed-
22 eral student loans for academic year 2008–2009,
23 and if needed in the subsequent academic year, in a
24 manner that results in no increased costs to tax-
25 payers; and

1 (2) any action taken as a result of such consid-
2 eration should in no way limit or delay the Secretary
3 of Education's authority to operate the lender-of-
4 last-resort provisions of section 428(j) of the Higher
5 Education Act of 1965 (as amended by this Act),
6 nor the authority to purchase Federal Family Edu-
7 cation Loan Program loans, as authorized by section
8 459A of such Act (as added by this Act).

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