

112TH CONGRESS
2D SESSION

H. R. 4286

To restore and extend the grace period before repayment begins on Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans.

IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 2012

Ms. HAHN introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To restore and extend the grace period before repayment begins on Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans.

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 Grace
5 Period Extension Act”.

6 **SEC. 2. RESTORATION AND EXTENSION OF THE START OF**
7 **THE REPAYMENT PERIOD FOR CERTAIN FED-**
8 **ERAL DIRECT LOANS.**

9 (a) RESTORATION OF INTEREST SUBSIDY DURING
10 GRACE PERIOD.—Section 309(d) of title III of division F

1 of Public Law 112-74 (amending section
2 428(a)(3)(A)(i)(I) of the Higher Education Act of 1965
3 (20 U.S.C. 1078(a)(3)(A)(i)(I))) is repealed, and the pro-
4 visions of law amended by such section are restored or
5 revived as if such section had not been enacted.

6 (b) GRACE PERIOD EXTENSION.—

7 (1) AMENDMENT.—Section 428(b)(7) of the
8 Higher Education Act of 1965 (20 U.S.C.
9 1078(b)(7)) is amended—

10 (A) in subparagraph (A), by striking “6
11 months” and inserting “12 months”; and

12 (B) in subparagraph (D), by striking “6-
13 month period” and inserting “12-month pe-
14 riod”.

15 (2) EFFECTIVE DATE AND APPLICATION.—The
16 amendments made by paragraph (1) shall take effect
17 on the date of enactment of this section, and shall
18 apply with respect to—

19 (A) Federal Direct Stafford Loans and
20 Federal Direct Unsubsidized Stafford Loans
21 made on or after such date of enactment;

22 (B) Federal Direct Stafford Loans made
23 before such date of enactment to borrowers who
24 have not yet entered repayment on such loans
25 on such date of enactment; and

1 (C) Federal Direct Unsubsidized Stafford
2 Loans made before such date of enactment to
3 borrowers who—

4 (i) have not yet entered repayment on
5 such loans on the date that is 60 days
6 after such date of enactment; and

7 (ii) elect a 12-month grace period in
8 accordance with paragraph (3).

9 (3) ELECTION OF EXTENDED GRACE PERIOD
10 FOR CERTAIN FDUS LOANS.—The Secretary of Edu-
11 cation shall provide an opportunity for each bor-
12 rower who has a Federal Direct Unsubsidized Staf-
13 ford Loan that was made before the date of enact-
14 ment of this section and who has not yet entered re-
15 payment on such loan on the date that is 60 days
16 after such date of enactment to elect a 12-month
17 grace period, in accordance with section 428(b)(7) of
18 the Higher Education Act of 1965, as amended by
19 this subsection, before beginning repayment. The
20 Secretary shall—

21 (A) notify each such borrower of the op-
22 portunity for such an election not later than 30
23 days after such date of enactment;

1 (B) advise each such borrower of the fi-
2 nancial consequences of electing such 12-month
3 grace period;

4 (C) not require such a borrower to accept
5 a 12-month grace period in accordance with
6 section 428(b)(7) of the Higher Education Act
7 of 1965 (as amended by this subsection), unless
8 the borrower specifically elects such 12-month
9 grace period during the 90-day period begin-
10 ning on the day the Secretary notifies such bor-
11 rower of the option to elect such a 12-month
12 grace period, except that a borrower shall make
13 such an election no later than 10 days before
14 the start of the borrower's repayment period, as
15 determined under section 428(b)(7) of the
16 Higher Education Act of 1965 as in effect on
17 the day before the date of enactment of this
18 section; and

19 (D) in the case of such a borrower who
20 does not elect such a 12-month grace period
21 during the period described in subparagraph
22 (C), determine the start of the borrower's re-
23 payment period in accordance with section
24 428(b)(7) of the Higher Education Act of 1965

1 as in effect on the day before the date of enact-
2 ment of this section.

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