

116TH CONGRESS  
2D SESSION

# S. 4141

To refinance Federal and private student loans, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 1, 2020

Ms. WARREN (for herself, Ms. BALDWIN, Mr. BENNET, Mr. BLUMENTHAL, Mr. BOOKER, Mr. BROWN, Ms. CANTWELL, Mr. CARDIN, Mr. CASEY, Ms. CORTEZ MASTO, Ms. DUCKWORTH, Mr. DURBIN, Mrs. FEINSTEIN, Mrs. GILLIBRAND, Ms. HARRIS, Ms. HASSAN, Mr. HEINRICH, Ms. HIRONO, Ms. KLOBUCHAR, Mr. LEAHY, Mr. MANCHIN, Mr. MARKEY, Mr. MENENDEZ, Mr. MERKLEY, Mr. MURPHY, Mr. PETERS, Mr. REED, Mr. SANDERS, Mrs. SHAHEEN, Ms. SMITH, Ms. STABENOW, Mr. UDALL, Mr. VAN HOLLEN, Mr. WHITEHOUSE, and Mr. WYDEN) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To refinance Federal and private 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 “Bank on Students  
5 Coronavirus Emergency Loan Refinancing Act of 2020”.

1 **SEC. 2. REFINANCING PROGRAM.**

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

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

6 and

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

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

13 **“SEC. 460A. REFINANCING FEDERAL DIRECT LOANS AND**  
14 **OTHER FEDERAL LOANS.**

15 “(a) DEFINITIONS.—In this section:

16 “(1) FFEL, PERKINS, OR PHSA STUDENT  
17 LOAN.—The term ‘FFEL, Perkins, or PHSA stu-  
18 dent loan’ means a loan—

19 “(A) made, insured, or guaranteed under  
20 part B and for which the first disbursement  
21 was made, or the application for the consolida-  
22 tion loan was received, before July 1, 2010;

23 “(B) made under part E; or

24 “(C) made under—

1 “(i) subpart II of part A of title VII  
2 of the Public Health Service Act (42  
3 U.S.C. 292q et seq.); or

4 “(ii) part E of title VIII of the Public  
5 Health Service Act (42 U.S.C. 297a et  
6 seq.).

7 “(2) QUALIFIED BORROWER.—The term ‘quali-  
8 fied borrower’ means a borrower of a loan under this  
9 part, or FFEL, Perkins, or PHSA student loan, for  
10 which the first disbursement was made, or the appli-  
11 cation for a consolidation loan was received, before  
12 July 1, 2020.

13 “(b) IN GENERAL.—Beginning not later than 90  
14 days after the date of enactment of the Bank on Students  
15 Coronavirus Emergency Loan Refinancing Act of 2020,  
16 the Secretary shall establish a program under which the  
17 Secretary makes a loan under this part, in accordance  
18 with the provisions of this section, in order to permit a  
19 qualified borrower to obtain the interest rate provided  
20 under subsection (d).

21 “(c) REFINANCING DIRECT LOANS.—

22 “(1) FEDERAL DIRECT LOANS.—

23 “(A) IN GENERAL.—By not later than 120  
24 days after the date of enactment of the Bank  
25 on Students Coronavirus Emergency Loan Refi-

1 nancing Act of 2020, the Secretary shall repay  
2 a Federal Direct Stafford Loan, a Federal Di-  
3 rect Unsubsidized Stafford Loan, a Federal Di-  
4 rect PLUS Loan, or a Federal Direct Consoli-  
5 dation Loan of the qualified borrower, for which  
6 the first disbursement was made, or the appli-  
7 cation for the consolidation loan was received,  
8 before July 1, 2020, with the proceeds of a refi-  
9 nanced Federal Direct Stafford Loan, a Federal  
10 Direct Unsubsidized Stafford Loan, a Federal  
11 Direct PLUS Loan, or a Federal Direct Con-  
12 solidation Loan, respectively, issued to the bor-  
13 rower under this section in an amount equal to  
14 the sum of the unpaid principal, accrued unpaid  
15 interest, and late charges of the original loan.

16 “(B) INFORMATION.—The Secretary shall  
17 notify each qualified borrower of a loan refi-  
18 nanced under subparagraph (A) regarding the  
19 refinancing and the benefits the refinancing  
20 provides to the qualified borrower.

21 “(2) REFINANCING FFEL, PERKINS, OR PHSA  
22 STUDENT LOANS AS REFINANCED FEDERAL DIRECT  
23 LOANS.—Upon application of a qualified borrower of  
24 any FFEL, Perkins, or PHSA student loan, the  
25 Secretary shall make a loan under this part, in an

1 amount equal to the sum of the unpaid principal, ac-  
2 crued unpaid interest, and late charges of the origi-  
3 nal loan to the borrower in accordance with the fol-  
4 lowing:

5 “(A) The Secretary shall pay the proceeds  
6 of such loan to the holder of the FFEL, Per-  
7 kins, or PHSA student loan, in order to dis-  
8 charge the borrower from any remaining obliga-  
9 tion with respect to the original loan.

10 “(B) Any Federal student loan made  
11 under this section that was originally a loan de-  
12 scribed in subsection (a)(1)(A) and that was  
13 made, insured, or guaranteed—

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

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

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

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

23 “(C) Any Federal student loan made under  
24 this section that was originally a loan described

1 in subparagraph (B) or (C) of subsection (a)(1)  
2 shall be a Federal Direct Consolidation Loan.

3 “(D) The interest rate for each loan made  
4 by the Secretary under this paragraph shall be  
5 the rate provided under subsection (d).

6 “(d) INTEREST RATES.—

7 “(1) IN GENERAL.—The interest rate for the  
8 refinanced Federal Direct Stafford Loans, Federal  
9 Direct Unsubsidized Stafford Loans, Federal Direct  
10 PLUS Loans, and Federal Direct Consolidation  
11 Loans, shall be a rate equal to—

12 “(A) in any case where the original loan  
13 was a loan under section 428 or 428H, a Fed-  
14 eral Direct Stafford loan, or a Federal Direct  
15 Unsubsidized Stafford Loan, that was issued to  
16 an undergraduate student, a rate equal to the  
17 rate for Federal Direct Stafford Loans and  
18 Federal Direct Unsubsidized Stafford Loans  
19 issued to undergraduate students for the 12-  
20 month period beginning on July 1, 2020, and  
21 ending on June 30, 2021;

22 “(B) in any case where the original loan  
23 was a loan under section 428 or 428H, a Fed-  
24 eral Direct Stafford Loan, or a Federal Direct  
25 Unsubsidized Stafford Loan, that was issued to

1 a graduate or professional student, a rate equal  
2 to the rate for Federal Direct Unsubsidized  
3 Stafford Loans issued to graduate or profes-  
4 sional students for the 12-month period begin-  
5 ning on July 1, 2020, and ending on June 30,  
6 2021;

7 “(C) in any case where the original loan  
8 was a loan under section 428B or a Federal Di-  
9 rect PLUS Loan, a rate equal to the rate for  
10 Federal Direct PLUS Loans for the 12-month  
11 period beginning on July 1, 2020, and ending  
12 on June 30, 2021;

13 “(D) in any case where the original loan  
14 was a loan under section 428C or a Federal Di-  
15 rect Consolidation Loan, a rate calculated in ac-  
16 cordance with paragraph (2); and

17 “(E) in any case where the original loan  
18 was a Federal student loan described in sub-  
19 paragraph (B) or (C) of subsection (a)(1), the  
20 lesser of—

21 “(i)(I) in any case where the original  
22 loan was issued to an undergraduate stu-  
23 dent, the rate that applies under subpara-  
24 graph (A); or

1           “(II) in any case where the original  
2           loan was issued to a graduate or profes-  
3           sional student, the rate that applies under  
4           subparagraph (B); or

5           “(ii) the original interest rate of the  
6           loan.

7           “(2) INTEREST RATES FOR REFINANCED CON-  
8           SOLIDATION LOANS.—

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

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

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



1 the interest rates on the loans consolidated  
2 into the loan under section 428C or the  
3 Federal Direct Consolidation Loan; and

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

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

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

19 “(I) the rate for Federal Direct  
20 Stafford Loans and Federal Direct  
21 Unsubsidized Stafford Loans issued  
22 to undergraduate students for the 12-  
23 month period beginning on July 1,  
24 2020, and ending on June 30, 2021;  
25 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, that is issued to a  
7 graduate or professional student shall be a  
8 rate 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 loan  
4 under part E of this title, or subpart II of  
5 part A of title VII or part E of title VIII  
6 of the Public Health Service Act (42  
7 U.S.C. 292q et seq.; 297a et seq.), shall be  
8 a rate equal to the lesser of—

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

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

17 “(v) The interest rate for any compo-  
18 nent loan that is a loan under section  
19 428C or a Federal Direct Consolidation  
20 Loan shall be the weighted average of the  
21 interest rates that would apply under this  
22 subparagraph for each loan comprising the  
23 component consolidation loan.

24 “(3) FIXED RATE.—The applicable rate of in-  
25 terest determined under paragraph (1) for a refi-

1       nanced loan under this section shall be fixed for the  
2       period of the loan.

3           “(4) RULE OF CONSTRUCTION.—Nothing in  
4       this section shall be construed to prevent a borrower  
5       of a Federal student loan described in subparagraph  
6       (B) or (C) of subsection (a)(1) from consolidating  
7       such loans with other loans eligible for consolidation  
8       under this section, or to require such a borrower to  
9       consolidate such loans with other Federal student  
10      loans into a single consolidation loan under this sec-  
11      tion.

12      “(e) TERMS AND CONDITIONS OF LOANS.—

13           “(1) IN GENERAL.—A loan that is refinanced  
14      under this section shall have the same terms and  
15      conditions as the original loan, except as otherwise  
16      provided in this section.

17           “(2) NO AUTOMATIC EXTENSION OF REPAY-  
18      MENT PERIOD.—Refinancing a loan under this sec-  
19      tion shall not result in the extension of the duration  
20      of the repayment period of the loan, and the bor-  
21      rower shall retain the same repayment term that  
22      was in effect on the original loan. Nothing in this  
23      paragraph shall be construed to prevent a borrower  
24      from electing a different repayment plan at any time  
25      in accordance with section 455(d)(3).

1           “(3) SPECIAL RULE FOR REFINANCED PERKINS  
2           AND HEALTH LOANS.—Notwithstanding paragraph  
3           (1), in the case of a loan that is refinanced under  
4           this section as a Federal Direct Consolidation Loan  
5           and that was originally a loan described in subpara-  
6           graph (B) or (C) of subsection (a)(1)—

7                   “(A) the refinanced Federal Direct Con-  
8                   solidation Loan shall have the same terms and  
9                   conditions as a Federal Direct Consolidation  
10                  Loan, except as otherwise provided in this sec-  
11                  tion; and

12                   “(B) the Secretary may adjust such terms  
13                   and conditions as necessary to enable the bor-  
14                   rower to access loan forgiveness or other bene-  
15                   fits available to the borrower under the loan be-  
16                   fore refinancing under this section, in any case  
17                   where such benefits are more generous than  
18                   provided under a Federal Direct Consolidation  
19                  Loan.

20           “(f) NOTIFICATION TO BORROWERS.—The Secretary,  
21           in coordination with the Director of the Bureau of Con-  
22           sumer Financial Protection, shall undertake a campaign  
23           to alert borrowers of FFEL, Perkins, or PHSA student  
24           loans that are eligible for refinancing under this section  
25           that the borrowers are eligible to apply for such refi-

1 nancing. The campaign shall include the following activi-  
2 ties:

3 “(1) Developing consumer information mate-  
4 rials about the availability of Federal student loan  
5 refinancing.

6 “(2) Requiring servicers of loans under part B  
7 to provide such consumer information to borrowers  
8 in a manner determined appropriate by the Sec-  
9 retary, in consultation with the Director of the Bu-  
10 reau of Consumer Financial Protection.

11 **“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN**  
12 **PROGRAM.**

13 “(a) DEFINITIONS.—In this section:

14 “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—  
15 The term ‘eligible private education loan’ means a  
16 private education loan, as defined in section 140(a)  
17 of the Truth in Lending Act (15 U.S.C. 1650(a)),  
18 that—

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

21 “(B) was for the borrower’s own postsec-  
22 ondary educational expenses for an eligible pro-  
23 gram at an institution of higher education par-  
24 ticipating in the loan program under this part,  
25 as of the date that the loan was disbursed.

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

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

9           “(4) QUALIFIED BORROWER.—The term ‘quali-  
10           fied borrower’ means an individual who has an eligi-  
11           ble private education loan.

12           “(b) PROGRAM AUTHORIZED.—

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

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

24           “(B) The Secretary shall pay the proceeds  
25           of the loan issued under this program to the

1 private educational lender of the private edu-  
2 cation loan, in order to discharge the qualified  
3 borrower from any remaining obligation to the  
4 lender with respect to the original loan.

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

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

19 “(2) PRIVATE EDUCATIONAL LENDERS.—Not  
20 later than 180 days after the date of enactment of  
21 the Bank on Students Coronavirus Emergency Loan  
22 Refinancing Act of 2020, the Secretary, in consulta-  
23 tion with the Secretary of the Treasury and the Di-  
24 rector of the Bureau of Consumer Financial Protec-



1 tion, shall establish eligibility requirements to pre-  
2 clude windfall profits for private educational lenders.

3 “(c) INTEREST RATE.—

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

6 “(A) in the case of a Federal Direct Refi-  
7 nanced Private Loan for a private education  
8 loan originally issued for undergraduate post-  
9 secondary educational expenses, a rate equal to  
10 the rate for Federal Direct Stafford Loans and  
11 Federal Direct Unsubsidized Stafford Loans  
12 issued to undergraduate students for the 12-  
13 month period beginning on July 1, 2020, and  
14 ending on June 30, 2021; and

15 “(B) in the case of a Federal Direct Refi-  
16 nanced Private Loan for a private education  
17 loan originally issued for graduate or profes-  
18 sional degree postsecondary educational ex-  
19 penses, a rate equal to the rate for Federal Di-  
20 rect Unsubsidized Stafford Loans issued to  
21 graduate or professional students for the 12-  
22 month period beginning on July 1, 2020, and  
23 ending on June 30, 2021.

24 “(2) COMBINED UNDERGRADUATE AND GRAD-  
25 UATE STUDY LOANS.—If a Federal Direct Refi-

1 nanced Private Loan is for a private education loan  
2 originally issued for both undergraduate and grad-  
3 uate or professional postsecondary educational ex-  
4 penses, the interest rate shall be a rate equal to the  
5 rate for Federal Direct PLUS Loans for the 12-  
6 month period beginning on July 1, 2020, and ending  
7 on June 30, 2021.

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

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

19 “(e) SPECIAL RULE FOR ELIGIBILITY FOR SERVICE-  
20 RELATED REPAYMENT.—

21 “(1) IN GENERAL.—Notwithstanding sections  
22 428K(a)(2), 428L(b)(2), 455(m)(3)(A), and 460(b),  
23 a Federal Direct Refinanced Private Loan shall be  
24 eligible for any loan repayment or loan forgiveness  
25 program under section 428K, 428L, or 460, or for

1 the repayment plan for public service employees  
2 under section 455(m), but only with respect to any  
3 balance due, payments made, or service completed,  
4 after the date on which such Federal Direct Refi-  
5 nanced Private Loan was issued.

6 “(f) PRIVATE EDUCATIONAL LENDER REPORTING  
7 REQUIREMENT.—

8 “(1) REPORTING REQUIRED.—Not later than  
9 180 days after the date of enactment of the Bank  
10 on Students Coronavirus Emergency Loan Refi-  
11 nancing Act of 2020, the Secretary, in consultation  
12 with the Secretary of the Treasury and the Director  
13 of the Bureau of Consumer Financial Protection,  
14 shall establish a requirement that private edu-  
15 cational lenders report the data described in para-  
16 graph (2) to the Secretary, to Congress, to the Sec-  
17 retary of the Treasury, and to the Director of the  
18 Bureau of Consumer Financial Protection, in order  
19 to allow for an assessment of the private education  
20 loan market.

21 “(2) CONTENTS OF REPORTING.—The data  
22 that private educational lenders shall report in ac-  
23 cordance with paragraph (1) shall include each of  
24 the following about private education loans (as de-

1        fined in section 140(a) of the Truth in Lending Act  
2        (15 U.S.C. 1650(a)):

3                “(A) The total amount of private education  
4        loan debt the lender holds.

5                “(B) The total number of private edu-  
6        cation loan borrowers the lender serves.

7                “(C) The average interest rate on the out-  
8        standing private education loan debt held by the  
9        lender.

10               “(D) The proportion of private education  
11       loan borrowers who are in default on a loan  
12       held by the lender.

13               “(E) The proportion of the outstanding  
14       private education loan volume held by the lend-  
15       er that is in default.

16               “(F) The proportions of outstanding pri-  
17       vate education loan borrowers who are 30, 60,  
18       and 90 days delinquent.

19               “(G) The proportions of outstanding pri-  
20       vate education loan volume that is 30, 60, and  
21       90 days delinquent.

22        “(g) NOTIFICATION TO BORROWERS.—The Sec-  
23       retary, in coordination with the Secretary of the Treasury  
24       and the Director of the Bureau of Consumer Financial  
25       Protection, shall undertake a campaign to alert borrowers

1 about the availability of private student loan refinancing  
2 under this section.”.

3 (c) INCOME-BASED REPAYMENT.—Section 493C of  
4 the Higher Education Act of 1965 (20 U.S.C. 1098e) is  
5 amended by adding at the end the following:

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

7 “(1) REFINANCED FEDERAL DIRECT, FFEL,  
8 AND PLUS LOANS.—In calculating the period of time  
9 during which a borrower of a loan (with the excep-  
10 tion of a Federal Consolidation Loan) that is refi-  
11 nanced under section 460A has made monthly pay-  
12 ments for purposes of subsection (b)(7), the Sec-  
13 retary shall deem the period to include all monthly  
14 payments made for the original loan, and all month-  
15 ly payments made for the refinanced loan, that oth-  
16 erwise meet the requirements of this section.

17 “(2) REFINANCED FEDERAL DIRECT CONSOLI-  
18 DATION LOANS.—In calculating the period of time  
19 during which a borrower of a Federal Consolidation  
20 Loan that is refinanced under section 460A has  
21 made monthly payments for the purposes of sub-  
22 section (b)(7), the Secretary shall—

23 “(A) review the borrower’s payment his-  
24 tory to identify each component loan of such  
25 Federal Direct Consolidation Loan;

1 “(B) for each such component loan—

2 “(i) calculate the weighted factor of  
3 the component loan, which shall be the fac-  
4 tor that represents the portion of such  
5 Federal Direct Consolidation Loan that is  
6 attributable to such component loan; and

7 “(ii) determine the number of quali-  
8 fying monthly payments made on such  
9 component loan before consolidation;

10 “(C) calculate the number of qualifying  
11 monthly payments determined under subpara-  
12 graph (B)(ii) with respect to a component loan  
13 that shall be deemed as qualifying monthly pay-  
14 ments made on the Federal Direct Consolida-  
15 tion Loan by multiplying—

16 “(i) the weighted factor of such com-  
17 ponent loan as determined under subpara-  
18 graph (B)(i); by

19 “(ii) the number of qualifying monthly  
20 payments made on such component loan as  
21 determined under subparagraph (B)(ii);  
22 and

23 “(D) calculate and inform the borrower of  
24 the total number of qualifying monthly pay-  
25 ments with respect to the component loans of

1 the Federal Direct Consolidation Loan that  
2 shall be deemed as qualifying monthly payments  
3 made on the refinanced Federal Consolidation  
4 Loan, by—

5 “(i) adding together the result of each  
6 calculation made under subparagraph (C)  
7 with respect to each such component loan;  
8 and

9 “(ii) rounding the number determined  
10 under clause (i) to the nearest whole num-  
11 ber.

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

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

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

23 (d) CONFORMING AMENDMENTS.—The Higher Edu-  
24 cation Act of 1965 (20 U.S.C. 1001 et seq.) is amended—

1           (1) in section 428J(c)(2) (20 U.S.C. 1078–  
2           10(c)(2)), by inserting “a Federal Direct Refinanced  
3           Private Loan,” after “a Federal Direct Unsubsidized  
4           Stafford Loan,”;

5           (2) in section 455 (20 U.S.C. 1087e)—

6           (A) in subsection (f)(1)(B), by inserting “a  
7           Federal Direct Refinanced Private Loan,” after  
8           “a Federal Direct Unsubsidized Stafford  
9           Loan,”; and

10          (B) in subsection (m)(3)(A), by striking  
11          “or Federal Direct Unsubsidized Stafford  
12          Loan,” and inserting “Federal Direct Unsub-  
13          sidized Stafford Loan, or Federal Direct Refi-  
14          nanced Private Loan,”; and

15          (3) in section 460 (20 U.S.C. 1087j)—

16          (A) in subsection (b), by striking “and  
17          Federal Direct Unsubsidized Stafford Loans”  
18          and inserting “Federal Direct Unsubsidized  
19          Stafford Loans, and Federal Direct Refinanced  
20          Private Loans”; and

21          (B) in subsection (c)—

22               (i) in paragraph (1), by striking “or a  
23               Federal Direct Unsubsidized Stafford  
24               Loan” and inserting “, a Federal Direct



1                   Unsubsidized Stafford Loan, or a Federal  
2                   Direct Refinanced Private Loan”; and

3                   (ii) in paragraph (2), by inserting “a  
4                   Federal Direct Refinanced Private Loan,”  
5                   after “a Federal Direct Unsubsidized Staf-  
6                   ford Loan,”.

7                   (e) EFFECTIVE DATE.—The amendments made by  
8 this section shall take effect on July 1, 2020.

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