

105TH CONGRESS
1ST SESSION

H. R. 2391

To amend the Higher Education Act of 1965 to extend and make uniform the repayment plans available under the various Federal student loan programs.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 3, 1997

Mr. PASCRELL introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Higher Education Act of 1965 to extend and make uniform the repayment plans available under the various Federal student loan programs.

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; REFERENCES.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Student Loan Repayment Extension Act”.

6 (b) REFERENCES.—Except as otherwise expressly
7 provided, whenever in this Act an amendment or repeal
8 is expressed in terms of an amendment to, or repeal of,
9 a section or other provision, the reference shall be consid-

1 ered to be made to a section or other provision of the
 2 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

3 **SEC. 2. REPAYMENT TERMS.**

4 (a) INSURED LOANS.—Section 427 is amended—

5 (1) in subsection (a)(2)—

6 (A) in subparagraph (B), in the matter
 7 preceding clause (i), by striking “over a period”
 8 through “nor more than 10 years” and insert-
 9 ing “in accordance with the repayment plan se-
 10 lected under subsection (d),”;

11 (B) in subparagraph (C), at the end of the
 12 subparagraph, by striking out “the 10-year pe-
 13 riod described in subparagraph (B);” and in-
 14 serting the following: “the length of the repay-
 15 ment period under a repayment plan described
 16 in subsection (d),”;

17 (C) by striking subparagraph (F);

18 (D) by redesignating subparagraphs (G),
 19 (H), and (I) as subparagraphs (F), (G), and
 20 (H), respectively; and

21 (E) in subparagraph (G) (as redesignated
 22 by subparagraph (D)), by striking “the option”
 23 through the end of the subparagraph and in-
 24 serting “the repayment options described in
 25 subsection (d); and”;

1 (2) in subsection (c), by striking “in subsection
2 (a)(2)(H),” and inserting the following: “by a repay-
3 ment plan selected by the borrower under subpara-
4 graph (C) or (D) of subsection (d)(1),”; and

5 (3) by adding after subsection (c) the following
6 new subsection:

7 “(d) REPAYMENT PLANS.—

8 “(1) DESIGN AND SELECTION.—In accordance
9 with regulations of the Secretary, the lender shall
10 offer a borrower of a loan made under this part the
11 plans described in this subsection for repayment of
12 such loan, including principal and interest thereon.
13 No plan may require a borrower to repay a loan in
14 less than 5 years. The borrower may choose from—

15 “(A) a standard repayment plan, with a
16 fixed annual repayment amount paid over a
17 fixed period of time, not to exceed 10 years;

18 “(B) an extended repayment plan, with a
19 fixed annual repayment amount paid over an
20 extended period of time, not to exceed 30 years,
21 except that the borrower shall repay annually a
22 minimum amount determined in accordance
23 with subsection (c);

24 “(C) a graduated repayment plan, with an-
25 nual repayment amounts established at 2 or

1 more graduated levels and paid over an ex-
2 tended period of time, not to exceed 30 years,
3 except that the borrower's scheduled payments
4 shall not be less than 50 percent, nor more
5 than 150 percent, of what the amortized pay-
6 ment on the amount owed would be if the loan
7 were repaid under the standard repayment
8 plan; and

9 “(D) an income-sensitive repayment plan,
10 with income-sensitive repayment amounts paid
11 over a fixed period of time, not to exceed 25
12 years.

13 “(2) LENDER SELECTION OF OPTION IF BOR-
14 ROWER DOES NOT SELECT.—If a borrower of a loan
15 made under this part does not select a repayment
16 plan described in paragraph (1), the lender shall
17 provide the borrower with a repayment plan de-
18 scribed in paragraph (1)(A).

19 “(3) CHANGES IN SELECTIONS.—The borrower
20 of a loan made under this part may change the bor-
21 rower's selection of a repayment plan under para-
22 graph (1), or the lender's selection of a plan for the
23 borrower under paragraph (2), as the case may be,
24 under such conditions as may be prescribed by the
25 Secretary in regulation.

1 “(4) ACCELERATION PERMITTED.—Under any
 2 of the plans described in this subsection, the bor-
 3 rower shall be entitled to accelerate, without penalty,
 4 repayment on the borrower’s loans under this part.”.

5 (b) GUARANTEED LOANS.—Section 428(b) is amend-
 6 ed—

7 (1) in paragraph (1)—

8 (A) in subparagraph (D), by striking
 9 clauses (i) and (ii) and the clause designation
 10 “(iii)”;

11 (B) in subparagraph (E)—

12 (i) in clause (i)—

13 (I) by striking “or section
 14 428A,” and inserting “or section
 15 428H,”; and

16 (II) by striking “the option”
 17 through the end of the clause and in-
 18 serting “the repayment options de-
 19 scribed in paragraph (9); and”; and

20 (ii) in clause (ii)—

21 (I) by striking “over a period”
 22 through “nor more than 10 years”
 23 and inserting “in accordance with the
 24 repayment plan selected under para-
 25 graph (9), and”; and

1 (II) by striking “of this sub-
2 section;” at the end of clause (ii) and
3 inserting a semicolon; and

4 (C) in subparagraph (L)(i), by inserting
5 after the clause designation the following: “ex-
6 cept as otherwise provided by a repayment plan
7 selected by the borrower under paragraph
8 (9)(A) (iii) or (iv),”; and

9 (2) by adding after paragraph (8) the following
10 new paragraph:

11 “(9) REPAYMENT PLANS.—

12 “(A) DESIGN AND SELECTION.—In accord-
13 ance with regulations of the Secretary, the lend-
14 er shall offer a borrower of a loan made under
15 this part the plans described in this subpara-
16 graph for repayment of such loan, including
17 principal and interest thereon. No plan may re-
18 quire a borrower to repay a loan in less than
19 5 years. The borrower may choose from—

20 “(i) a standard repayment plan, with
21 a fixed annual repayment amount paid
22 over a fixed period of time, not to exceed
23 10 years;

24 “(ii) an extended repayment plan,
25 with a fixed annual repayment amount

1 paid over an extended period of time, not
2 to exceed 30 years, except that the bor-
3 rower shall repay annually a minimum
4 amount determined in accordance with
5 paragraph (2)(L);

6 “(iii) a graduated repayment plan,
7 with annual repayment amounts estab-
8 lished at 2 or more graduated levels and
9 paid over an extended period of time, not
10 to exceed 30 years, except that the borrow-
11 er’s scheduled payments shall not be less
12 than 50 percent, nor more than 150 per-
13 cent, of what the amortized payment on
14 the amount owed would be if the loan were
15 repaid under the standard repayment plan;
16 and

17 “(iv) an income-sensitive repayment
18 plan, with income-sensitive repayment
19 amounts paid over a fixed period of time,
20 not to exceed 25 years.

21 “(B) LENDER SELECTION OF OPTION IF
22 BORROWER DOES NOT SELECT.—If a borrower
23 of a loan made under this part does not select
24 a repayment plan described in subparagraph
25 (A), the lender shall provide the borrower with

1 a repayment plan described in subparagraph
2 (A)(i).

3 “(C) CHANGES IN SELECTIONS.—The bor-
4 rower of a loan made under this part may
5 change the borrower’s selection of a repayment
6 plan under subparagraph (A), or the lender’s
7 selection of a plan for the borrower under sub-
8 paragraph (B), as the case may be, under such
9 conditions as may be prescribed by the Sec-
10 retary in regulation.

11 “(D) ACCELERATION PERMITTED.—Under
12 any of the plans described in this paragraph,
13 the borrower shall be entitled to accelerate,
14 without penalty, repayment on the borrower’s
15 loans under this part.

16 “(E) COMPARABLE FFEL AND DIRECT
17 LOAN REPAYMENT PLANS.—The Secretary shall
18 ensure that the repayment plans offered to bor-
19 rowers under this part are comparable, to the
20 extent practicable and not otherwise provided in
21 statute, to the repayment plans offered under
22 part D.”.

23 (c) CONSOLIDATION LOANS.—Section 428C is
24 amended—

1 (1) in subsection (b)(3)(F), by striking “alter-
2 native”; and

3 (2) in subsection (c) by amending paragraph
4 (2) to read as follows:

5 “(2) REPAYMENT PLANS.—

6 “(A) DESIGN AND SELECTION.—In accord-
7 ance with regulations of the Secretary, the lend-
8 er shall offer a borrower of a loan made under
9 this section the plans described in this para-
10 graph for repayment of such loan, including
11 principal and interest thereon. No plan may re-
12 quire a borrower to repay a loan in less than
13 5 years. The borrower may choose from—

14 “(i) a standard repayment plan, with
15 a fixed annual repayment amount paid
16 over a fixed period of time, not to exceed
17 10 years;

18 “(ii) an extended repayment plan,
19 with a fixed annual repayment amount
20 paid over an extended period of time, not
21 to exceed 30 years, except that the bor-
22 rower shall repay annually a minimum
23 amount determined in accordance with
24 paragraph (3);

1 “(iii) a graduated repayment plan,
2 with annual repayment amounts estab-
3 lished at 2 or more graduated levels and
4 paid over an extended period of time, not
5 to exceed 30 years, except that the borrow-
6 er’s scheduled payments shall not be less
7 than 50 percent, nor more than 150 per-
8 cent, of what the amortized payment on
9 the amount owed would be if the loan were
10 repaid under the standard repayment plan;
11 and

12 “(iv) an income-sensitive repayment
13 plan, with income-sensitive repayment
14 amounts paid over a fixed period of time,
15 not to exceed 25 years.

16 “(B) LENDER SELECTION OF OPTION IF
17 BORROWER DOES NOT SELECT.—If a borrower
18 of a loan made under this section does not se-
19 lect a repayment plan described in subpara-
20 graph (A), the lender shall provide the borrower
21 with a repayment plan described in subpara-
22 graph (A)(i).

23 “(C) CHANGES IN SELECTIONS.—The bor-
24 rower of a loan made under this section may
25 change the borrower’s selection of a repayment

1 plan under subparagraph (A), or the lender's
2 selection of a plan for the borrower under sub-
3 paragraph (B), as the case may be, under such
4 conditions as may be prescribed by the Sec-
5 retary in regulation.”.

6 (d) DIRECT LOANS.—Section 455(d) is amended—
7 (1) in paragraph (1)—

8 (A) in subparagraph (B), by inserting after
9 “an extended period of time,” the following:
10 “not to exceed 30 years,”; and

11 (B) in subparagraph (C), by striking “a
12 fixed or extended period of time,” and inserting
13 the following: “an extended period of time, not
14 to exceed 30 years,”; and

15 (2) in paragraph (2), by striking “subpara-
16 graph (A), (B), or (C) of paragraph (1).” and in-
17 serting “paragraph (1)(A).”.

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