

107TH CONGRESS  
1ST SESSION

# H. R. 1622

To reduce the costs of Federal student loans to students and their families,  
and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2001

Mr. GEORGE MILLER of California (for himself, Mrs. MINK of Hawaii, Ms. WOOLSEY, Ms. SOLIS, Mr. ANDREWS, Mr. WU, Mr. KILDEE, and Mr. HINOJOSA) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To reduce the costs of Federal student loans to students  
and their families, 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 “Affordable Student  
5       Loans Act of 2001”.

6       **SEC. 2. ELIMINATION OF LOAN FEES TO BORROWERS.**

7       (a) FEDERAL FAMILY EDUCATION LOAN PRO-  
8       GRAM.—Section 438(c) of the Higher Education Act of

1 1965 (20 U.S.C. 1087–1(c)) is amended by adding at the  
2 end the following new paragraph :

3 “(9) ORIGINATION FEES TERMINATED.—Not-  
4 withstanding any other provision of this subsection,  
5 with respect to any loan made, insured, or guaran-  
6 teed under this part on or after the first July 1 after  
7 the date of enactment of the Affordable Student  
8 Loans Act of 2001—

9 “(A) no eligible lender may collect directly  
10 or indirectly from any borrower any origination  
11 fee with respect to such loan, or any other fee  
12 relating to the origination of a loan however de-  
13 scribed; and

14 “(B) the Secretary shall not collect any  
15 origination fee from the lender under this sub-  
16 section.”.

17 (b) FEDERAL DIRECT LOAN PROGRAM.—Section  
18 455(c) of such Act (20 U.S.C. 1087e(c)) is amended to  
19 read as follows:

20 “(c) LOAN FEE.—

21 “(1) TEMPORARY PROVISION.—Subject to para-  
22 graph (2), the Secretary shall charge the borrower  
23 of a loan made under this part an origination fee of  
24 4.0 percent of the principal amount of loan.

1 “(2) TERMINATION OF ORIGINATION FEE.—

2 With respect to any loan made under this part on  
 3 or after the first July 1 after the date of enactment  
 4 of Affordable Student Loans Act of 2001, the Sec-  
 5 retary shall not collect directly or indirectly from  
 6 any borrower any origination fee with respect to  
 7 such loan, or any other fee relating to the origina-  
 8 tion of a loan however described.”.

9 **SEC. 3. INSURANCE PREMIUMS.**

10 (a) FFEL PROGRAM.—

11 (1) SUBSIDIZED LOANS.—Section 428(b)(1) of  
 12 the Higher Education Act of 1965 (20 U.S.C.  
 13 1078(b)(1)) is amended by striking subparagraph  
 14 (H) and inserting the following:

15 “(H) does not provide or permit the collec-  
 16 tion of any insurance premium directly or indi-  
 17 rectly from the borrower or from the proceeds  
 18 of any loan to the borrower;”.

19 (2) UNSUBSIDIZED LOANS.—Section 428H of  
 20 such Act (20 U.S.C. 1078–8) is amended by striking  
 21 subsection (h) and inserting the following:

22 “(h) INSURANCE PREMIUMS PROHIBITED.—A State  
 23 or nonprofit private institution or organization having an  
 24 agreement with the Secretary under section 428(b)(1)  
 25 may not collect any insurance premium directly or indi-

1 rectly from the borrower or from the proceeds of any loan  
 2 to the borrower pursuant to this section.”.

3 (b) EFFECTIVE DATE.—The amendments made by  
 4 subsection (a) shall apply with respect to any loan made,  
 5 insured, or guaranteed under part B of title IV of the  
 6 Higher Education Act of 1965 on or after the first July  
 7 1 after the date of enactment of this Act.

8 **SEC. 4. EXPANSION OF VOLUNTARY FLEXIBLE AGREE-**  
 9 **MENTS WITH GUARANTY AGENCIES.**

10 (a) AMENDMENT.—Section 428A(a) of the Higher  
 11 Education Act of 1965 (20 U.S.C.1078–1(a)) is amended  
 12 by striking paragraph (3) and inserting the following:

13 “(3) ELIGIBILITY.—Any guaranty agency or  
 14 consortium thereof may enter into a voluntary flexi-  
 15 ble agreement with the Secretary.”.

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

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