

108TH CONGRESS
1ST SESSION

H. R. 2505

To amend the Higher Education Act of 1965 to permit refinancing of student consolidation loans, increase Pell Grant maximum awards, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 18, 2003

Ms. DELAURO 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 permit refinancing of student consolidation loans, increase Pell Grant maximum awards, 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 “College Loan Assist-
5 ance Act of 2003”.

1 **SEC. 2. REMOVAL OF PROHIBITION ON REFINANCING CON-**
 2 **SOLIDATION LOANS.**

3 (a) REMOVAL OF PROHIBITION.—Section 428C(a)(3)
 4 the Higher Education Act of 1965 (20 U.S.C. 1078–
 5 3(a)(3)) is amended—

6 (1) by striking subparagraph (B);

7 (2) in subparagraph (C), by striking “subpara-
 8 graphs (A) and (B)” and inserting “subparagraph
 9 (A)”; and

10 (3) by redesignating subparagraph (C) as sub-
 11 paragraph (B).

12 (b) REDUCTION OF CAP ON INTEREST RATE.—Sec-
 13 tion 427A(l)(3) of such Act (20 U.S.C. 1077a(l)(3)) is
 14 amended by striking subparagraph (B) and inserting the
 15 following:

16 “(B) 6.8 percent.”.

17 **SEC. 3. EXTENSION AND INCREASE OF PELL GRANT MAX-**
 18 **IMUM AMOUNTS.**

19 Section 401(b)(2)(A) of the Higher Education Act of
 20 1965 (20 U.S.C. 1070a(b)(2)(A)) is amended—

21 (1) by striking “and” at the end of clause (iv);

22 (2) by striking the comma at the end of clause
 23 (v) and inserting a semicolon; and

24 (3) by inserting after clause (v) the following
 25 new clauses:

26 “(vi) \$7,000 for academic year 2004–2005; and

1 “(vii) \$7,000 for academic year 2006–2006,”.

2 **SEC. 4. ELIMINATION OF LOAN FEES TO BORROWERS.**

3 (a) **FEDERAL FAMILY EDUCATION LOAN PRO-**
 4 **GRAM.**—Section 438(c) of the Higher Education Act of
 5 1965 (20 U.S.C. 1087–1(c)) is amended by adding at the
 6 end the following new paragraph:

7 “(9) **ORIGINATION FEES TERMINATED.**—Not-
 8 withstanding any other provision of this subsection,
 9 with respect to any loan made, insured, or guaran-
 10 teed under this part on or after the first July 1 after
 11 the date of enactment of the Student Loan Relief
 12 Act of 2003—

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

18 “(B) the Secretary shall not collect any
 19 origination fee from the lender under this sub-
 20 section.”.

21 (b) **FEDERAL DIRECT LOAN PROGRAM.**—Section
 22 455(c) of such Act (20 U.S.C. 1087e(c)) is amended to
 23 read as follows:

24 “(c) **LOAN FEE.**—

1 “(1) TEMPORARY PROVISION.—Subject to para-
2 graph (2), the Secretary shall charge the borrower
3 of a loan made under this part an origination fee of
4 4.0 percent of the principal amount of loan.

5 “(2) TERMINATION OF ORIGINATION FEE.—
6 With respect to any loan made under this part on
7 or after the first July 1 after the date of enactment
8 of Student Loan Relief Act of 2003, the Secretary
9 shall not collect directly or indirectly from any bor-
10 rower any origination fee with respect to such loan,
11 or any other fee relating to the origination of a loan
12 however described.”.

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