

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1338

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

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 2005

Ms. DELAURO (for herself, Mr. CROWLEY, Mr. JEFFERSON, Mr. PALLONE, Mr. BRADLEY of New Hampshire, Mr. LARSON of Connecticut, Ms. LEE, Ms. SLAUGHTER, Mr. CONYERS, Mr. GENE GREEN of Texas, Mr. WEXLER, Mr. MICHAUD, Mr. MORAN of Virginia, Mr. ISRAEL, Mr. McDERMOTT, Mr. FARR, Mr. WAXMAN, Mr. STRICKLAND, Mrs. JONES of Ohio, Mr. LANTOS, Mr. JACKSON of Illinois, and Mr. GONZALEZ) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## 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 2005”.

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 by striking  
21 “shall be—” and all that follows through “less an  
22 amount” and inserting “shall be \$7,000 for academic year  
23 2006–2007 and each of the 4 succeeding academic years,  
24 less an amount”.

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

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

6 “(9) ORIGINATION FEES TERMINATED.—Not-  
7 withstanding any other provision of this subsection,  
8 with respect to any loan made, insured, or guaran-  
9 teed under this part on or after the first July 1 after  
10 the date of enactment of the College Loan Assist-  
11 ance Act of 2005—

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

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

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

23 “(c) LOAN FEE.—

24 “(1) TEMPORARY PROVISION.—Subject to para-  
25 graph (2), the Secretary shall charge the borrower

1 of a loan made under this part an origination fee of  
2 4.0 percent of the principal amount of loan.

3 “(2) TERMINATION OF ORIGINATION FEE.—

4 With respect to any loan made under this part on  
5 or after the first July 1 after the date of enactment  
6 of College Loan Assistance Act of 2005, the Sec-  
7 retary shall not collect directly or indirectly from  
8 any borrower any origination fee with respect to  
9 such loan, or any other fee relating to the origina-  
10 tion of a loan however described.”.

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