

112TH CONGRESS
2D SESSION

H. R. 5895

To provide interest-free deferment on unsubsidized student loans during periods of unemployment, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 2012

Ms. BASS of California (for herself, Mr. HINOJOSA, Mr. McDERMOTT, Mr. TOWNS, Ms. DELAURO, Mr. THOMPSON of Mississippi, Mr. CICILLINE, Mr. CONYERS, Mr. CLARKE of Michigan, Mr. JACKSON of Illinois, Ms. BORDALLO, Mr. LEWIS of Georgia, Mr. KUCINICH, Mr. JOHNSON of Georgia, Mr. HINCHEY, Mr. CARSON of Indiana, Mr. DAVIS of Illinois, Mr. SABLAN, Mr. RANGEL, Mr. HONDA, Ms. RICHARDSON, Ms. SEWELL, Mr. OLVER, Ms. NORTON, Ms. HAHN, Mr. NADLER, Ms. LEE of California, Mr. REYES, and Mr. TONKO) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To provide interest-free deferment on unsubsidized student loans during periods of unemployment, 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 “Graduate Success
5 Act”.

1 **SEC. 2. INTEREST-FREE DEFERMENT OF UNSUBSIDIZED**
2 **LOANS DURING PERIODS OF UNEMPLOY-**
3 **MENT.**

4 (a) FFEL UNSUBSIDIZED LOAN DEFERMENT.—

5 (1) Section 428H(e)(2) of the Higher Edu-
6 cation Act of 1965 (20 U.S.C. 1078–8(e)(2)) is
7 amended—

8 (A) in subparagraph (A), by inserting “Ex-
9 cept as provided in subparagraph (C),” before
10 “Interest on”; and

11 (B) by adding at the end the following:

12 “(C) Interest on loans made under this section
13 for which payments are deferred under clause (ii) of
14 section 428(b)(1)(M), for a period of deferment
15 granted to a borrower on or after the date of enact-
16 ment of the Graduate Success Act, shall accrue and
17 be paid by the Secretary during any period during
18 which loans are so deferred, not in excess of 3
19 years.”.

20 (2) CONFORMING AMENDMENT.—Section
21 428(b)(1)(Y)(iii) of the Higher Education Act of
22 1965 (20 U.S.C. 1078(b)(1)(Y)(iii)) is amended by
23 inserting “(other than a deferment under clause (ii)
24 of such subparagraph on or after the date of enact-
25 ment of the Graduate Success Act)” after “of this
26 paragraph”.

1 (b) DIRECT UNSUBSIDIZED LOAN DEFERMENT.—

2 Section 455(f)(1) of the Higher Education Act of 1965

3 (20 U.S.C. 1087e(f)(1)) is amended—

4 (1) in subparagraph (A)—

5 (A) by striking “or” at the end of clause

6 (i); and

7 (B) by adding at the end the following:

8 “(iii) a Federal Direct Unsubsidized

9 Stafford Loan, with respect to a period of

10 deferment described in subparagraph (B)

11 of paragraph (2) granted to a borrower on

12 or after the date of enactment of the Grad-

13 uate Success Act; or”; and

14 (2) in subparagraph (B), by inserting “not de-

15 scribed in subparagraph (A)(iii)” after “Unsub-

16 sidized Stafford Loan”.

17 (c) TREATMENT OF CONSOLIDATION LOANS.—Sec-

18 tion 428C(b)(4)(C)(ii) of the Higher Education Act of

19 1965 (20 U.S.C. 1078–3(b)(4)(C)(ii)) is amended—

20 (1) by striking “or” at the end of subclause

21 (II);

22 (2) by redesignating subclause (III) as sub-

23 clause (IV);

24 (3) by inserting after subclause (II) the fol-

25 lowing:

1 “(III) by the Secretary, in the
 2 case of a consolidation loan for which
 3 the application is received on or after
 4 the date of enactment of the Graduate
 5 Success Act, except that the Secretary
 6 shall pay such interest only for a pe-
 7 riod not in excess of 3 years for which
 8 the borrower would be eligible for a
 9 deferral under clause (ii) of section
 10 428(b)(1)(M); or”; and

11 (4) in subclause (IV) (as so redesignated by
 12 this subsection), by striking “(I) or (II)” and insert-
 13 ing “(I), (II), or (III)”.

14 (d) INCOME-BASED REPAYMENT.—Section
 15 493C(b)(3) of the Higher Education Act of 1965 (20
 16 U.S.C. 10983(b)(3)) is amended—

17 (1) in subparagraph (A), by striking “and”
 18 after the semicolon;

19 (2) by redesignating subparagraph (B) as sub-
 20 paragraph (C);

21 (3) by inserting after subparagraph (A) the fol-
 22 lowing:

23 “(B) shall, on subsidized and unsubsidized
 24 loans, be paid by the Secretary for a period of
 25 not more than 3 years during which the bor-

rower is eligible for a deferment due to unemployment described in section 455(f)(2)(B) (regardless of whether the student is in such a deferment), except that—

“(i) this subparagraph shall only apply to periods during which the borrower is eligible for a such deferment on or after the date of enactment of the Graduate Success Act; and

“(ii) in the case of a subsidized loan, such period shall not include any period described in subparagraph (A) or any period during which the borrower is in deferment due to an economic hardship described in section 435(o); and”;

(4) in subparagraph (C) (as so redesignated by paragraph (2))—

(A) in clause (i), by striking “subparagraph (A)” and inserting “subparagraphs (A) and (B)”;

(B) in clause (ii), by inserting “, subject to subparagraph (B),” after “unsubsidized loan”.

○