

this section [amending this section] shall be effective for loans made on or after the date of enactment of this Act [Nov. 5, 1990] to cover the cost of instruction for periods of enrollment beginning on or after January 1, 1991.”

EFFECTIVE DATE

Section applicable with respect to loans made to cover cost of instruction for periods of enrollment beginning on or after Jan. 1, 1990, see section 2004(c) of Pub. L. 101-239, set out as an Effective Date of 1989 Amendment note under section 1077 of this title.

**§ 1078-8. Unsubsidized Stafford loans for middle-income borrowers**

**(a) In general**

It is the purpose of this section to authorize insured loans under this part that are first disbursed before July 1, 2010, for borrowers who do not qualify for Federal interest subsidy payments under section 1078 of this title. Except as provided in this section, all terms and conditions for Federal Stafford loans established under section 1078 of this title shall apply to loans made pursuant to this section.

**(b) Eligible borrowers**

Prior to July 1, 2010, any student meeting the requirements for student eligibility under section 1091 of this title (including graduate and professional students as defined in regulations promulgated by the Secretary) shall be entitled to borrow an unsubsidized Federal Stafford Loan for which the first disbursement is made before such date if the eligible institution at which the student has been accepted for enrollment, or at which the student is in attendance, has—

(1) determined and documented the student's need for the loan based on the student's estimated cost of attendance (as determined under section 1087*ll* of this title) and the student's estimated financial assistance, including a loan which qualifies for interest subsidy payments under section 1078 of this title; and

(2) provided the lender a statement—

(A) certifying the eligibility of the student to receive a loan under this section and the amount of the loan for which such student is eligible, in accordance with subsection (c); and

(B) setting forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 1078-7 of this title.

**(c) Determination of amount of loan**

The determination of the amount of a loan by an eligible institution under subsection (b) shall be calculated by subtracting from the estimated cost of attendance at the eligible institution any estimated financial assistance reasonably available to such student. An eligible institution may not, in carrying out the provisions of subsection (b) of this section, provide a statement which certifies the eligibility of any student to receive any loan under this section in excess of the amount calculated under the preceding sentence.

**(d) Loan limits**

**(1) In general**

Except as provided in paragraphs (2), (3), and (4), the annual and aggregate limits for loans

under this section shall be the same as those established under section 1078(b)(1) of this title, less any amount received by such student pursuant to the subsidized loan program established under section 1078 of this title.

**(2) Limits for graduate, professional, and independent postbaccalaureate students**

**(A) Annual limits**

The maximum annual amount of loans under this section a graduate or professional student, or a student described in clause (ii), may borrow in any academic year (as defined in section 1088(a)(2) of this title) or its equivalent shall be the amount determined under paragraph (1), plus—

(i) in the case of such a student who is a graduate or professional student attending an eligible institution, \$12,000; and

(ii) notwithstanding paragraph (4), in the case of an independent student, or a dependent student whose parents are unable to borrow under section 1078-2 of this title or the Federal Direct PLUS Loan Program, who has obtained a baccalaureate degree and who is enrolled in coursework specified in paragraph (3)(B) or (4)(B) of section 1091(b) of this title—

(I) \$7,000 for coursework necessary for enrollment in a graduate or professional program; and

(II) \$7,000 for coursework necessary for a professional credential or certification from a State required for employment as a teacher in an elementary or secondary school,

except in cases where the Secretary determines that a higher amount is warranted in order to carry out the purpose of this part with respect to students engaged in specialized training requiring exceptionally high costs of education, but the annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any years in excess of the annual limit.

**(B) Aggregate limit**

The maximum aggregate amount of loans under this section a student described in subparagraph (A) may borrow shall be the amount described in paragraph (1), adjusted to reflect the increased annual limits described in subparagraph (A), as prescribed by the Secretary by regulation.

**(3) Limits for undergraduate dependent students**

**(A) Annual limits**

The maximum annual amount of loans under this section an undergraduate dependent student (except an undergraduate dependent student whose parents are unable to borrow under section 1078-2 of this title or the Federal Direct PLUS Loan Program) may borrow in any academic year (as defined in section 1088(a)(2) of this title) or its equivalent shall be the sum of the amount determined under paragraph (1), plus \$2,000.

**(B) Aggregate limits**

The maximum aggregate amount of loans under this section a student described in subparagraph (A) may borrow shall be \$31,000.

**(4) Limits for undergraduate independent students****(A) Annual limits**

The maximum annual amount of loans under this section an undergraduate independent student, or an undergraduate dependent student whose parents are unable to borrow under section 1078–2 of this title or the Federal Direct PLUS Loan Program, may borrow in any academic year (as defined in section 1088(a)(2) of this title) or its equivalent shall be the sum of the amount determined under paragraph (1), plus—

(i) in the case of such a student attending an eligible institution who has not completed such student's first 2 years of undergraduate study—

(I) \$6,000, if such student is enrolled in a program whose length is at least one academic year in length; or

(II) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;

(ii) in the case of such a student at an eligible institution who has successfully completed such first and second years but has not successfully completed the remainder of a program of undergraduate education—

(I) \$7,000; or

(II) if such student is enrolled in a program of undergraduate education, the remainder of which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as such remainder measured in semester, trimester, quarter, or clock hours bears to one academic year; and

(iii) in the case of such a student enrolled in coursework specified in—

(I) section 1091(b)(3)(B) of this title, \$6,000; or

(II) section 1091(b)(4)(B) of this title, \$7,000.

**(B) Aggregate limits**

The maximum aggregate amount of loans under this section a student described in subparagraph (A) may borrow shall be \$57,500.

**(5) Capitalized interest**

Interest capitalized shall not be deemed to exceed a maximum aggregate amount deter-

mined under subparagraph (B) of paragraph (2), (3), or (4).

**(e) Payment of principal and interest****(1) Commencement of repayment**

Repayment of principal on loans made under this section shall begin at the beginning of the repayment period described in section 1078(b)(7) of this title. Not less than 30 days prior to the anticipated commencement of such repayment period, the holder of such loan shall provide notice to the borrower that interest will accrue before repayment begins and of the borrower's option to begin loan repayment at an earlier date.

**(2) Capitalization of interest**

(A) Except as provided in subparagraph (C), interest on loans made under this section for which payments of principal are not required during the in-school and grace periods or for which payments are deferred under sections 1077(a)(2)(C) and 1078(b)(1)(M) of this title shall, if agreed upon by the borrower and the lender—

(i) be paid monthly or quarterly; or

(ii) be added to the principal amount of the loan by the lender only—

(I) when the loan enters repayment;

(II) at the expiration of a grace period, in the case of a loan that qualifies for a grace period;

(III) at the expiration of a period of deferment or forbearance; or

(IV) when the borrower defaults.

(B) The capitalization of interest described in subparagraph (A) shall not be deemed to exceed the annual insurable limit on account of the student.

(C) Interest shall not accrue on a loan deferred under section 1078(b)(1)(M)(v) or 1077(a)(2)(C)(iv) of this title.

**(3) Subsidies prohibited**

No payments to reduce interest costs shall be paid pursuant to section 1078(a) of this title on loans made pursuant to this section.

**(4) Applicable rates of interest**

Interest on loans made pursuant to this section shall be at the applicable rate of interest provided in section 1077a of this title.

**(5) Amortization**

The amount of the periodic payment and the repayment schedule for any loan made pursuant to this section shall be established by assuming an interest rate equal to the applicable rate of interest at the time the repayment of the principal amount of the loan commences. At the option of the lender, the note or other written evidence of the loan may require that—

(A) the amount of the periodic payment will be adjusted annually; or

(B) the period of repayment of principal will be lengthened or shortened,

in order to reflect adjustments in interest rates occurring as a consequence of section 1077a(c)(4) of this title.

**(6) Repayment period**

For purposes of calculating the repayment period under section 1078(b)(9) of this title,

such period shall commence at the time the first payment of principal is due from the borrower.

**(7) Qualification for forbearance**

A lender may grant the borrower of a loan under this section a forbearance for a period not to exceed 60 days if the lender reasonably determines that such a forbearance from collection activity is warranted following a borrower's request for forbearance, deferment, or a change in repayment plan, or a request to consolidate loans in order to collect or process appropriate supporting documentation related to the request. During any such period, interest on the loan shall accrue but not be capitalized.

**(f) Repealed. Pub. L. 105-244, title IV, § 423(f), Oct. 7, 1998, 112 Stat. 1698**

**(g) Single application form and loan repayment schedule**

A guaranty agency shall use a single application form and a single repayment schedule for subsidized Federal Stafford loans made pursuant to section 1078 of this title and for unsubsidized Federal Stafford loans made pursuant to this section.

**(h) Insurance premium**

Each State or nonprofit private institution or organization having an agreement with the Secretary under section 1078(b)(1) of this title may charge a borrower under this section an insurance premium equal to not more than 1.0 percent of the principal amount of the loan, if such premium will not be used for incentive payments to lenders. Effective for loans for which the date of guarantee of principal is on or after July 1, 2006, and that are first disbursed before July 1, 2010, in lieu of the insurance premium authorized under the preceding sentence, each State or nonprofit private institution or organization having an agreement with the Secretary under section 1078(b)(1) of this title shall collect and deposit into the Federal Student Loan Reserve Fund under section 1072a of this title, a Federal default fee of an amount equal to 1.0 percent of the principal amount of the loan, which fee shall be collected either by deduction from the proceeds of the loan or by payment from other non-Federal sources. The Federal default fee shall not be used for incentive payments to lenders.

(Pub. L. 89-329, title IV, § 428H, as added Pub. L. 102-325, title IV, § 422, July 23, 1992, 106 Stat. 535; amended Pub. L. 103-66, title IV, §§ 4047(a), 4102(b), Aug. 10, 1993, 107 Stat. 363, 366; Pub. L. 103-208, § 2(c)(42)-(45), Dec. 20, 1993, 107 Stat. 2466, 2467; Pub. L. 104-134, title I, § 101(d) [title V, § 514(a)], Apr. 26, 1996, 110 Stat. 1321-211, 1321-245; renumbered title I, Pub. L. 104-140, § 1(a), May 2, 1996, 110 Stat. 1327; Pub. L. 105-244, title IV, § 423, Oct. 7, 1998, 112 Stat. 1696; Pub. L. 109-171, title VIII, §§ 8005(d), 8014(b)(2), Feb. 8, 2006, 120 Stat. 159, 169; Pub. L. 110-227, § 2(a), May 7, 2008, 122 Stat. 740; Pub. L. 110-315, title IV, § 428(a), Aug. 14, 2008, 122 Stat. 3235; Pub. L. 111-39, title IV, § 402(f)(5), July 1, 2009, 123 Stat. 1944; Pub. L. 111-152, title II, § 2207, Mar. 30, 2010, 124 Stat. 1076; Pub. L. 115-245, div. B, title III, § 309(e), Sept. 28, 2018, 132 Stat. 3106.)

**Editorial Notes**

**CODIFICATION**

Amendments by section 2(c)(42), (45) of Pub. L. 103-208 (which were effective as if included in Pub. L. 102-325) were executed to this section as amended by Pub. L. 102-325 and Pub. L. 103-66, to reflect the probable intent of Congress.

**AMENDMENTS**

2018—Subsec. (e)(2)(A). Pub. L. 115-245, § 309(e)(1), substituted “Except as provided in subparagraph (C), interest” for “Interest” in introductory provisions.

Subsec. (e)(2)(C). Pub. L. 115-245, § 309(e)(2), added subpar. (C).

2010—Subsec. (a). Pub. L. 111-152, § 2207(1), inserted “that are first disbursed before July 1, 2010,” after “under this part”.

Subsec. (b). Pub. L. 111-152, § 2207(2), substituted “Prior to July 1, 2010, any student” for “Any student” and inserted “for which the first disbursement is made before such date” after “unsubsidized Federal Stafford Loan” in introductory provisions.

Subsec. (h). Pub. L. 111-152, § 2207(3), inserted “and that are first disbursed before July 1, 2010,” after “July 1, 2006.”

2009—Subsec. (d)(2). Pub. L. 111-39, § 402(f)(5)(A), amended heading generally, resulting in text identical to that after execution of the amendment by Pub. L. 110-315, § 428(a)(1)(A). See 2008 Amendment note below.

Subsec. (e)(6). Pub. L. 111-39, § 402(f)(5)(B), amended par. (6) generally, resulting in text identical to that after execution of the amendment by Pub. L. 105-244, § 423(d). See 1998 Amendment note below.

2008—Subsec. (d). Pub. L. 110-227 amended subsec. (d) generally. Prior to amendment, subsec. (d) related to loan limits.

Subsec. (d)(2). Pub. L. 110-315, § 428(a)(1)(A), which directed substitution of “Graduate, professional, and independent postbaccalaureate students” for “Graduate and professional students” in heading, was executed by substituting “graduate, professional, and independent postbaccalaureate students” for “graduate and professional students” to reflect the probable intent on Congress.

Subsec. (d)(2)(A). Pub. L. 110-315, § 428(a)(1)(B)(i), inserted “, or a student described in clause (ii),” after “graduate or professional student” in introductory provisions.

Subsec. (d)(2)(A)(ii). Pub. L. 110-315, § 428(a)(1)(B)(ii), added cl. (ii) and struck out former cl. (ii) which read as follows: “in the case of a graduate student enrolled in coursework specified in sections 1091(b)(3)(B) and 1091(b)(4)(B) of this title, \$7,000.”

Subsec. (d)(4)(A)(iii). Pub. L. 110-315, § 428(a)(2), added cl. (iii) and struck out former cl. (iii) which read as follows: “in the case of such a student enrolled in coursework specified in sections 1091(b)(3)(B) and 1091(b)(4)(B) of this title, \$6,000 for coursework necessary for enrollment in an undergraduate degree or certificate program.”

2006—Subsec. (d)(2)(C). Pub. L. 109-171, § 8005(d)(1), substituted “\$12,000” for “\$10,000”.

Subsec. (d)(2)(D). Pub. L. 109-171, § 8005(d)(2), substituted “\$7,000” for “\$5,000” in cls. (i) and (ii).

Subsec. (h). Pub. L. 109-171, § 8014(b)(2), inserted at end “Effective for loans for which the date of guarantee of principal is on or after July 1, 2006, in lieu of the insurance premium authorized under the preceding sentence, each State or nonprofit private institution or organization having an agreement with the Secretary under section 1078(b)(1) of this title shall collect and deposit into the Federal Student Loan Reserve Fund under section 1072a of this title, a Federal default fee of an amount equal to 1.0 percent of the principal amount of the loan, which fee shall be collected either by deduction from the proceeds of the loan or by payment from other non-Federal sources. The Federal default fee shall not be used for incentive payments to lenders.”

1998—Subsec. (b). Pub. L. 105-244, §423(a), amended heading and text of subsec. (b) generally. Prior to amendment, text read as follows: “Any student meeting the requirements for student eligibility under section 1091 of this title (including graduate and professional students as defined in regulations promulgated by the Secretary) shall be entitled to borrow an unsubsidized Stafford loan. Such student shall provide to the lender a statement from the eligible institution at which the student has been accepted for enrollment, or at which the student is in attendance, which—

“(1) sets forth such student’s estimated cost of attendance (as determined under section 1087*ll* of this title);

“(2) sets forth such student’s estimated financial assistance, including a loan which qualifies for subsidy payments under section 1078 of this title; and

“(3) certifies the eligibility of the student to receive a loan under this section and the amount of the loan for which such student is eligible, in accordance with subsection (c) of this section.”

Subsec. (d)(2). Pub. L. 105-244, §423(b)(1)(A), in introductory provisions, inserted “(as defined in section 1088(a)(2) of this title)” after “academic year” and struck out “or in any period of 7 consecutive months, whichever is longer,” after “or its equivalent”.

Subsec. (d)(2)(A). Pub. L. 105-244, §423(b)(1)(B), substituted “length; and” for “length (as determined under section 1088 of this title);” in cl. (i), added cl. (ii), and struck out former cls. (ii) and (iii) which read as follows:

“(ii) \$2,500, if such student is enrolled in a program whose length is less than one academic year, but at least  $\frac{2}{3}$  of such an academic year; and

“(iii) \$1,500, if such student is enrolled in a program whose length is less than  $\frac{2}{3}$ , but at least  $\frac{1}{3}$ , of such an academic year;”

Subsec. (d)(2)(D). Pub. L. 105-244, §423(b)(1)(C), (D), added subpar. (D).

Subsec. (d)(3). Pub. L. 105-244, §423(b)(2), inserted at end “Interest capitalized shall not be deemed to exceed such maximum aggregate amount.”

Subsec. (e)(2). Pub. L. 105-244, §423(c), amended heading and text of par. (2) generally. Prior to amendment, text read as follows: “Interest on loans made under this section for which payments of principal are not required during the in-school and grace periods or for which payments are deferred under sections 1077(a)(2)(C) and 1078(b)(1)(M) of this title shall, if agreed upon by the borrower and the lender (A) be paid monthly or quarterly, or (B) be added to the principal amount of the loan not more frequently than quarterly by the lender. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.”

Subsec. (e)(6). Pub. L. 105-244, §423(d), which directed substitution of “repayment period under section 1078(b)(9) of this title” for “10 year repayment period under section 1078(b)(1)(D) of this title”, was executed by making the substitution for “10-year repayment period under section 1078(b)(1)(D) of this title” to reflect the probable intent of Congress.

Subsec. (e)(7). Pub. L. 105-244, §423(e), added par. (7).

Subsec. (f). Pub. L. 105-244, §423(f), struck out heading and text of subsec. (f) which provided for lenders to charge borrowers origination fees on loans.

1996—Subsec. (d)(2). Pub. L. 104-134 substituted semicolon for period at end of subpar. (C) and inserted concluding provisions.

1993—Subsec. (b). Pub. L. 103-66, §4047(a)(1), inserted “(including graduate and professional students as defined in regulations promulgated by the Secretary)” in introductory provisions.

Subsec. (d). Pub. L. 103-66, §4047(a)(2), amended subsec. (d) generally. Prior to amendment, subsec. (d) read as follows: “The annual and aggregate limits for loans under this section shall be the same as those established under section 1078(b)(1) of this title, less any amount received by such student pursuant to the subsidized loan program established under section 1078 of this title.”

Subsec. (d)(2)(B). Pub. L. 103-208, §2(c)(42), amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: “in the case of such a student attending an eligible institution who has completed the first 2 years of undergraduate study but who has not completed the remainder of a program of undergraduate study—

“(i) \$5,000, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 1088 of this section);

“(ii) \$3,325, if such student is enrolled in a program whose length is less than one academic year, but at least  $\frac{2}{3}$  of such an academic year; and

“(iii) \$1,675, if such student is enrolled in a program whose length is less than  $\frac{2}{3}$ , but at least  $\frac{1}{3}$ , of such an academic year; and”. See Codification note above.

Subsec. (e)(1). Pub. L. 103-208, §2(c)(43), substituted “shall begin at the beginning of the repayment period described in section 1078(b)(7) of this title.” for “shall commence 6 months after the month in which the student ceases to carry at least one-half the normal full-time workload as determined by the institution.” and inserted at end “Not less than 30 days prior to the anticipated commencement of such repayment period, the holder of such loan shall provide notice to the borrower that interest will accrue before repayment begins and of the borrower’s option to begin loan repayment at an earlier date.”

Subsec. (e)(4). Pub. L. 103-208, §2(c)(44), substituted “section 1077a” for “section 1077a(e)”.

Subsec. (e)(5), (6). Pub. L. 103-66, §4047(a)(3), added pars. (5) and (6).

Subsec. (f). Pub. L. 103-66, §4102(b)(1)(A), substituted “Origination fee” for “Insurance premium” in section catchline.

Subsec. (f)(1). Pub. L. 103-66, §4102(b)(1)(B), (C), struck out reference to insurance premium in heading and in text substituted “an origination fee in the amount of 3.0 percent” for “a combined origination fee and insurance premium in the amount of 6.5 percent” and struck out second sentence which read as follows: “A guaranty agency may not charge an insurance premium on any loan made under this section.”

Subsec. (f)(2). Pub. L. 103-66, §4102(b)(1)(D), substituted “origination fee” for “combined fee and premium”.

Subsec. (f)(3). Pub. L. 103-66, §4102(b)(1)(E), substituted “origination fee” for “combined origination fee and insurance premium”.

Subsec. (f)(4). Pub. L. 103-66, §4102(b)(1)(F), in heading substituted “origination fee” for “insurance premium” and in text substituted “origination fees” for “combined origination fee and insurance premiums” and “to pay” for “and premiums to pay”.

Subsec. (f)(5). Pub. L. 103-66, §4102(b)(1)(G), inserted “origination fee and” in heading and in text substituted “do not exceed the combined origination fee under this subsection and the insurance premium under subsection (h) of this section, the Secretary is directed to lower the origination fee and insurance premium accordingly” for “do not exceed the 6.5 percent insurance premium, the Secretary is directed to lower the insurance premium accordingly”.

Subsec. (h). Pub. L. 103-208, §2(c)(45), redesignated subsec. (l) as (h). See Codification note above.

Subsec. (l). Pub. L. 103-208, §2(c)(45), redesignated subsec. (l) as (h). See Codification note above.

Pub. L. 103-66, §4102(b)(2), added subsec. (l).

### Statutory Notes and Related Subsidiaries

#### EFFECTIVE DATE OF 2018 AMENDMENT

Amendment by Pub. L. 115-245 applicable with respect to loans made on or after Sept. 28, 2018, or in repayment on Sept. 28, 2018, see section 309(f) of Pub. L. 115-245, set out as a note under section 1077 of this title.

#### EFFECTIVE DATE OF 2009 AMENDMENT

Amendment by Pub. L. 111-39 effective as if enacted on the date of enactment of Pub. L. 110-315 (Aug. 14,

2008), see section 3 of Pub. L. 111-39, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-315, title IV, § 428(b), Aug. 14, 2008, 122 Stat. 3236, provided that: “The amendments made by this section [amending this section] shall take effect for loans for which the first disbursement is made on or after July 1, 2008.”

Pub. L. 110-227, § 2(c), May 7, 2008, 122 Stat. 742, provided that: “The amendments made by this section [amending this section] shall be effective for loans first disbursed on or after July 1, 2008.”

#### EFFECTIVE DATE OF 2006 AMENDMENT

Amendment by section 8014(b)(2) of Pub. L. 109-171 effective July 1, 2006, except as otherwise provided, see section 8001(c) of Pub. L. 109-171, set out as a note under section 1002 of this title.

Amendment by section 8005(d) of Pub. L. 109-171 effective July 1, 2007, see section 8005(e) of Pub. L. 109-171, set out as a note under section 1075 of this title.

#### EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-244 effective Oct. 1, 1998, except as otherwise provided in Pub. L. 105-244, see section 3 of Pub. L. 105-244, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1996 AMENDMENT

Pub. L. 104-134, title I, § 101(d) [title V, § 514(b)], Apr. 26, 1996, 110 Stat. 1321-211, 1321-245, provided that: “The amendments made by subsection (a) [amending this section] shall be effective for loans made to cover the cost of instruction for periods of enrollment beginning on or after July 1, 1996.”

#### EFFECTIVE DATE OF 1993 AMENDMENTS

Amendment by section 2(c)(42)-(43)(A), (44), (45) of Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, and amendment by section 2(c)(43)(B) of Pub. L. 103-208 effective on and after Apr. 1, 1994, see section 5(a), (b)(5) of Pub. L. 103-208, set out as a note under section 1051 of this title.

Pub. L. 103-66, title IV, § 4047(d), Aug. 10, 1993, 107 Stat. 364, provided that: “Except as otherwise provided herein [see section 4047(c) of Pub. L. 103-66, set out below], the amendments made by this section [amending this section and repealing section 1078-1 of this title] shall take effect on July 1, 1994.”

Amendment by section 4102(b) of Pub. L. 103-66 effective July 1, 1994, see section 4102(d) of Pub. L. 103-66, set out as a note under section 1078 of this title.

#### EFFECTIVE DATE

Section effective with respect to loans made to cover the cost of instruction for periods of enrollment beginning on or after Oct. 1, 1992, see section 432(a)(12) of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1078 of this title.

#### STUDENT ELIGIBILITY

Pub. L. 110-227, § 2(b), May 7, 2008, 122 Stat. 742, provided that: “Loan limit increases authorized by the amendments made by this section [amending this section] shall be available only to students who meet the requirements of section 484(a) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)).”

#### CONTINUING APPLICABILITY OF TERMS, CONDITIONS, AND BENEFITS OF LOANS

Pub. L. 103-66, title IV, § 4047(c), Aug. 10, 1993, 107 Stat. 364, provided that: “Notwithstanding the amendments made by this section [amending this section and repealing section 1078-1 of this section], with respect to loans provided under sections 428A [former 20 U.S.C. 1078-1] and 428H of the Act [20 U.S.C. 1078-8] (as such

sections existed on the date preceding the date of enactment of this Act [Aug. 10, 1993]) the terms, conditions and benefits applicable to such loans under such sections shall continue to apply to such loans after the date of enactment of this Act.”

### § 1078-9. Repealed. Pub. L. 110-84, title III, § 302(a), Sept. 27, 2007, 121 Stat. 796

Section, Pub. L. 89-329, title IV, § 428I, as added Pub. L. 102-325, title IV, § 422, July 23, 1992, 106 Stat. 536; amended Pub. L. 103-208, § 2(c)(46), Dec. 20, 1993, 107 Stat. 2467; Pub. L. 109-171, title VIII, § 8014(i), Feb. 8, 2006, 120 Stat. 171, related to special insurance and reinsurance rules.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF REPEAL

Repeal effective Oct. 1, 2007, except that section as in effect on the day before Sept. 27, 2005, shall apply to eligible lenders that received a designation under subsec. (a) of this section prior to Oct. 1, 2007, for the remainder of the year for which the designation was made, see section 302(c) of Pub. L. 110-84, set out as an Effective Date of 2007 Amendment note under section 1078 of this title.

### § 1078-10. Loan forgiveness for teachers

#### (a) Statement of purpose

It is the purpose of this section to encourage individuals to enter and continue in the teaching profession.

#### (b) Program authorized

The Secretary shall carry out a program, through the holder of the loan, of assuming the obligation to repay a qualified loan amount for a loan made under section 1078 or 1078-8 of this title, in accordance with subsection (c), for any new borrower on or after October 1, 1998, who—

(1) has been employed as a full-time teacher for 5 consecutive complete school years—

(A) in a school or location that qualifies under section 1087ee(a)(2)(A) of this title for loan cancellation for Perkins loan recipients who teach in such schools or locations; and

(B) if employed as an elementary school or secondary school teacher, is highly qualified as defined in section 9101<sup>1</sup> of the Elementary Secondary<sup>2</sup> Education Act of 1965 [20 U.S.C. 7801], or meets the requirements of subsection (g)(3); and

(2) is not in default on a loan for which the borrower seeks forgiveness.

#### (c) Qualified loans amount

##### (1) In general

The Secretary shall repay not more than \$5,000 in the aggregate of the loan obligation on a loan made under section 1078 or 1078-8 of this title that is outstanding after the completion of the fifth complete school year of teaching described in subsection (b)(1). No borrower may receive a reduction of loan obligations under both this section and section 1087j of this title.

##### (2) Treatment of consolidation loans

A loan amount for a loan made under section 1078-3 of this title may be a qualified loan

<sup>1</sup> See References in Text note below.

<sup>2</sup> So in original. Probably should be preceded by “and”.