

117TH CONGRESS
1ST SESSION

S. _____

To amend the Higher Education Act of 1965 to provide for the refinancing of certain Federal student loans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

_____ introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Higher Education Act of 1965 to provide for the refinancing of certain Federal student loans, 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 “Coronavirus Emer-
5 gency Student Loan Refinancing Act”.

6 **SEC. 2. REFINANCING PROGRAMS.**

7 (a) PROGRAM AUTHORITY.—Section 451(a) of the
8 Higher Education Act of 1965 (20 U.S.C. 1087a(a)) is
9 amended—

1 (1) by striking “and (2)” and inserting “(2)”;

2 and

3 (2) by inserting “; and (3) to make loans under
4 section 460A” after “section 459A”.

5 (b) REFINANCING PROGRAM.—Part D of title IV of
6 the Higher Education Act of 1965 (20 U.S.C. 1087a et
7 seq.) is amended by adding at the end the following:

8 **“SEC. 460A. REFINANCING FFEL AND FEDERAL DIRECT**
9 **LOANS.**

10 “(a) IN GENERAL.—Beginning not later than 30
11 days after the date of enactment of the Coronavirus Emer-
12 gency Student Loan Refinancing Act, the Secretary shall
13 establish a program under which the Secretary, upon the
14 receipt of an application from a qualified borrower, makes
15 a loan under this part, in accordance with the provisions
16 of this section, in order to permit the borrower to obtain
17 the interest rate provided under subsection (c).

18 “(b) REFINANCING DIRECT LOANS.—

19 “(1) FEDERAL DIRECT LOANS.—Upon applica-
20 tion of a qualified borrower, the Secretary shall
21 repay a Federal Direct Stafford Loan, a Federal Di-
22 rect Unsubsidized Stafford Loan, a Federal Direct
23 PLUS Loan, or a Federal Direct Consolidation
24 Loan of the qualified borrower, with the proceeds of
25 a refinanced Federal Direct Stafford Loan, a Fed-

1 eral Direct Unsubsidized Stafford Loan, a Federal
2 Direct PLUS Loan, or a Federal Direct Consolida-
3 tion Loan, respectively, issued to the borrower in an
4 amount equal to the sum of the unpaid principal, ac-
5 crued unpaid interest, and late charges of the origi-
6 nal loan.

7 “(2) REFINANCING FFEL PROGRAM LOANS AS
8 REFINANCED FEDERAL DIRECT LOANS.—Upon ap-
9 plication of a qualified borrower for any loan that
10 was made, insured, or guaranteed under part B, the
11 Secretary shall make a loan under this part, in an
12 amount equal to the sum of the unpaid principal, ac-
13 crued unpaid interest, and late charges of the origi-
14 nal loan to the borrower in accordance with the fol-
15 lowing:

16 “(A) The Secretary shall pay the proceeds
17 of such loan to the eligible lender of the loan
18 made, insured, or guaranteed under part B, in
19 order to discharge the borrower from any re-
20 maining obligation to the lender with respect to
21 the original loan.

22 “(B) A loan made under this section that
23 was originally a loan made, insured, or guaran-
24 teed—

1 “(i) under section 428 shall be a Fed-
2 eral Direct Stafford Loan;

3 “(ii) under section 428B shall be a
4 Federal Direct PLUS Loan;

5 “(iii) under section 428H shall be a
6 Federal Direct Unsubsidized Stafford
7 Loan; and

8 “(iv) under section 428C shall be a
9 Federal Direct Consolidation Loan.

10 “(3) APPLICABLE INTEREST RATE.—The inter-
11 est rate for each loan made by the Secretary under
12 this subsection shall be the rate provided under sub-
13 section (c).

14 “(c) INTEREST RATES.—

15 “(1) IN GENERAL.—The interest rate for the
16 refinanced Federal Direct Stafford Loans, Federal
17 Direct Unsubsidized Stafford Loans, Federal Direct
18 PLUS Loans, and Federal Direct Consolidation
19 Loans, under this section shall be a rate equal to—

20 “(A) in any case where the original loan
21 was a loan under section 428 or 428H, a Fed-
22 eral Direct Stafford loan, or a Federal Direct
23 Unsubsidized Stafford Loan, that was issued to
24 an undergraduate student, a rate equal to the

1 lowest yield on the 10-year Treasury note in the
2 preceding 6 months plus 2.05 percent;

3 “(B) in any case where the original loan
4 was a loan under section 428 or 428H, a Fed-
5 eral Direct Stafford Loan, or a Federal Direct
6 Unsubsidized Stafford Loan, that was issued to
7 a graduate or professional student, a rate equal
8 to the lowest yield on the 10-year Treasury note
9 in the preceding 6 months plus 3.6 percent;

10 “(C) in any case where the original loan
11 was a loan under section 428B or a Federal Di-
12 rect PLUS Loan, a rate equal to the lowest
13 yield on the 10-year Treasury note in the pre-
14 ceeding 6 months plus 4.6 percent; and

15 “(D) in any case where the original loan
16 was a loan under section 428C or a Federal Di-
17 rect Consolidation Loan, a rate calculated in ac-
18 cordance with paragraph (2).

19 “(2) INTEREST RATES FOR CONSOLIDATION
20 LOANS.—

21 “(A) METHOD OF CALCULATION.—In
22 order to determine the interest rate for any re-
23 financed Federal Direct Consolidation Loan
24 under paragraph (1)(D) under this section, the
25 Secretary shall—

1 “(i) determine each of the component
2 loans that were originally consolidated in
3 the loan under section 428C or the Federal
4 Direct Consolidation Loan, and calculate
5 the proportion of the unpaid principal bal-
6 ance of the loan under section 428C or the
7 Federal Direct Consolidation Loan that
8 each component loan represents;

9 “(ii) use the proportions determined
10 in accordance with clause (i) and the inter-
11 est rate applicable for each component
12 loan, as determined under subparagraph
13 (B), to calculate the weighted average of
14 the interest rates on the loans consolidated
15 into the loan under section 428C or the
16 Federal Direct Consolidation Loan; and

17 “(iii) apply the weighted average cal-
18 culated under clause (ii) as the interest
19 rate for the refinanced Federal Direct Con-
20 solidation Loan.

21 “(B) INTEREST RATES FOR COMPONENT
22 LOANS.—The interest rates for the component
23 loans of a loan made under section 428C or a
24 Federal Direct Consolidation Loan shall be the
25 following:

1 **【July 1, 2020, and ending on June**
2 **30, 2021】**; or

3 “(II) the original interest rate of
4 the component loan.

5 “(iii) The interest rate for any loan
6 under section 428B or Federal Direct
7 PLUS Loan shall be a rate equal to the
8 lesser of—

9 “(I) the rate for Federal Direct
10 PLUS Loans for the 12-month period
11 beginning on **【July 1, 2020, and end-**
12 **ing on June 30, 2021】**; or

13 “(II) the original interest rate of
14 the component loan.

15 “(iv) The interest rate for any compo-
16 nent loan that is a loan under section
17 428C or a Federal Direct Consolidation
18 Loan shall be the weighted average of the
19 interest rates that would apply under this
20 subparagraph for each loan comprising the
21 component consolidation loan.

22 “(v) The interest rate for any eligible
23 loan that is a component of a loan made
24 under section 428C or a Federal Direct
25 Consolidation Loan and is not described in

1 clauses (i) through (iv) shall be the inter-
2 est rate on the original component loan.

3 “(3) FIXED RATE.—The applicable rate of in-
4 terest determined under paragraph (1) for a refi-
5 nanced loan under this section shall be fixed for the
6 period of the loan.

7 “(d) TERMS AND CONDITIONS OF LOANS.—

8 “(1) IN GENERAL.—A loan that is refinanced
9 under this section shall have the same terms and
10 conditions as the original loan, except as otherwise
11 provided in this section.

12 “(2) NO AUTOMATIC EXTENSION OF REPAY-
13 MENT PERIOD.—Refinancing a loan under this sec-
14 tion shall not result in the extension of the duration
15 of the repayment period of the loan, and the bor-
16 rower shall retain the same repayment term that
17 was in effect on the original loan. Nothing in this
18 paragraph shall be construed to prevent a borrower
19 from electing a different repayment plan at any time
20 in accordance with section 455(d)(3).

21 “(e) DEFINITION OF QUALIFIED BORROWER.—

22 “(1) IN GENERAL.—For purposes of this sec-
23 tion, the term ‘qualified borrower’ means a bor-
24 rower—

1 “(A) of a loan under this part or part B;
2 and

3 “(B) who meets the eligibility requirements
4 based on income or debt-to-income ratio estab-
5 lished by the Secretary.

6 “(2) INCOME REQUIREMENTS.—Not later than
7 30 days after the date of enactment of the
8 Coronavirus Emergency Student Loan Refinancing
9 Act, the Secretary shall establish eligibility require-
10 ments based on income or debt-to-income ratio that
11 take into consideration providing access to refi-
12 nancing under this section for borrowers with the
13 greatest financial need.

14 “(f) NOTIFICATION TO BORROWERS.—The Secretary,
15 in coordination with the Director of the Bureau of Con-
16 sumer Financial Protection, shall undertake a campaign
17 to alert borrowers of loans that are eligible for refinancing
18 under this section that the borrowers are eligible to apply
19 for such refinancing. The campaign shall include the fol-
20 lowing activities:

21 “(1) Developing consumer information mate-
22 rials about the availability of Federal student loan
23 refinancing.

24 “(2) Requiring servicers of loans under this
25 part or part B to provide such consumer information

1 to borrowers in a manner determined appropriate by
2 the Secretary, in consultation with the Director of
3 the Bureau of Consumer Financial Protection.”.

4 (c) AMENDMENTS TO PUBLIC SERVICE REPAYMENT
5 PLAN PROVISIONS.—Section 455(m) of the Higher Edu-
6 cation Act of 1965 (20 U.S.C. 1087e(m)) is amended—

7 (1) by redesignating paragraphs (3) and (4) as
8 paragraphs (4) and (5), respectively;

9 (2) by inserting after paragraph (2) the fol-
10 lowing:

11 “(3) SPECIAL RULES FOR SECTION 460A
12 LOANS.—

13 “(A) REFINANCED FEDERAL DIRECT
14 LOANS.—Notwithstanding paragraph (1), in de-
15 termining the number of monthly payments
16 that meet the requirements of such paragraph
17 for an eligible Federal Direct Loan refinanced
18 under section 460A that was originally a loan
19 under this part, the Secretary shall include all
20 monthly payments made on the original loan
21 that meet the requirements of such paragraph.

22 “(B) REFINANCED FFEL LOANS.—In the
23 case of an eligible Federal Direct Loan refi-
24 nanced under section 460A that was originally
25 a loan under part B, only monthly payments

1 made after the date on which the loan was refi-
2 nanced may be included for purposes of para-
3 graph (1).”; and

4 (3) in paragraph (4)(A) (as redesignated by
5 paragraph (1)), by inserting “(including any Federal
6 Direct Stafford Loan, Federal Direct PLUS Loan,
7 Federal Direct Unsubsidized Stafford Loan, or Fed-
8 eral Direct Consolidation Loan refinanced under sec-
9 tion 460A)” before the period at the end.

10 (d) INCOME-BASED REPAYMENT.—Section 493C of
11 the Higher Education Act of 1965 (20 U.S.C. 1098e) is
12 amended by adding at the end the following:

13 “(f) SPECIAL RULE FOR REFINANCED LOANS.—In
14 calculating the period of time during which a borrower of
15 a loan that is refinanced under section 460A has made
16 monthly payments for purposes of subsection (b)(7), the
17 Secretary shall deem the period to include all monthly pay-
18 ments made for the original loan, and all monthly pay-
19 ments made for the refinanced loan, that otherwise meet
20 the requirements of this section.”.