

118TH CONGRESS
2D SESSION

S. _____

To establish a new Guaranteed Student Loan Program.

IN THE SENATE OF THE UNITED STATES

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

A BILL

To establish a new Guaranteed Student Loan Program.

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 “Affordable Future
5 Loan Program Act of 2024”.

6 **SEC. 2. GOVERNMENT GUARANTEED STUDENT LOAN PRO-**
7 **GRAM.**

8 At the end of title IV of the Higher Education Act
9 of 1965 (20 U.S.C. 1070 et seq.), add the following:

1 **“PART J—GUARANTEED STUDENT LOAN**
2 **PROGRAM**

3 **“SEC. 499A. STATEMENT OF PURPOSE; NONDISCRIMINA-**
4 **TION; APPROPRIATIONS AUTHORIZED.**

5 “(a) PURPOSE; DISCRIMINATION PROHIBITED.—

6 “(1) PURPOSE.—The purpose of this part is to
7 enable the Secretary—

8 “(A) to pay a portion of the interest on
9 loans to qualified students that are guaranteed
10 under this part; and

11 “(B) to guarantee a portion of each loan
12 under this part.

13 “(2) DISCRIMINATION BY CREDITORS PROHIB-
14 ITED.—No agency, organization, institution, bank,
15 credit union, corporation, or other lender who regu-
16 larly extends, renews, or continues credit under this
17 part shall exclude from receipt or deny the benefits
18 of, or discriminate against any borrower or applicant
19 in obtaining, such credit on the basis of—

20 “(A) race, national origin, religion, sex,
21 marital status, age, or disability status;

22 “(B) the type or category of institution of
23 higher education that the borrower or applicant
24 attends or attended;

25 “(C) the degree or program of study of the
26 borrower or applicant; or

1 “(D) the creditworthiness of the borrower
2 or applicant.

3 “(b) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated to carry out this part
5 such sums as may be necessary for the period of fiscal
6 years 2025 through 2029.

7 “(c) DESIGNATION.—The program established under
8 this part shall be referred to as the ‘Affordable Future
9 Loan Program’. Loans made pursuant to this part shall
10 be known as ‘Affordable Future loans’.

11 **“SEC. 499A-1. PROGRAM AUTHORITY.**

12 “The Secretary shall implement the Affordable Fu-
13 ture Loan Program, through which the Secretary shall—

14 “(1) pay an eligible lender 98 percent of the
15 amount of principal and interest due on each de-
16 faulted eligible loan that is issued under this part by
17 an eligible lender;

18 “(2) reimburse an eligible lender for amounts of
19 subsidized interest under this part; and

“(3) ensure that only eligible lenders that issue loans in accordance with this part receive the guarantee funds described in paragraph (1) and the reimbursement described in paragraph (2).

1 **“SEC. 499A-2. ELIGIBLE LENDERS AND ELIGIBLE LOANS.**

2 “(a) ELIGIBLE LENDER.—For purposes of this part
3 an eligible lender is an eligible lender as described in sub-
4 paragraphs (A) through (D), (I), and (K) of section
5 435(d)(1), except that references to ‘this part’ or ref-
6 erences to other sections in part B in such subsection shall
7 be construed to mean this part rather than part B or any
8 section of part B.

9 “(b) ELIGIBLE LOAN.—

10 “(1) IN GENERAL.—An eligible loan is a loan
11 issued under this part on or after the date of enact-
12 ment of the Affordable Future Loan Program Act of
13 2024 to an undergraduate student who is otherwise
14 eligible under section 484, who meets the require-
15 ments of paragraph (2), and who is enrolled or will
16 be enrolled at an eligible institution of higher edu-
17 cation, to enable such student to pursue the stu-
18 dent’s courses of study at such institution.

19 “(2) FEDERAL LOANS.—A student who desires
20 to apply for a loan under this part and is otherwise
21 eligible to do so, may not apply for such loan until
22 the student—

23 “(A) has applied for, and received a deter-
24 mination notice about, financial assistance
25 under subpart 1 of part A and part D for the
26 applicable period of study; or

“(B) states that the student elects not to apply for financial assistance under subpart 1 of part A and part D for the applicable period of study.

5 "SEC. 499A-3. AGREEMENTS WITH ELIGIBLE LENDERS.

6 “(a) PARTICIPATION AGREEMENTS.—An agreement
7 with an eligible lender for participation in the program
8 under this part shall—

9 “(1) provide that an eligible lender will offer
10 the maximum amount of eligible loans under this
11 part to any undergraduate student for attendance at
12 an eligible institution of higher education;

13 “(2) provide that the eligible lender accepts re-
14 sponsibility and financial liability stemming from its
15 failure to perform its functions pursuant to the
16 agreement;

“(3) provide for the implementation of a quality assurance system, as established by the Secretary and developed in consultation with eligible lenders, to ensure that the eligible lender is complying with program requirements and meeting program objectives;

23 “(4) provide that an eligible lender will comply
24 with the requirements of subsection (c);

1 “(5) provide that the funds borrowed by a stu-
2 dent are disbursed to the institution by check or
3 other means that is payable to and requires the en-
4 dorsement or other certification by such student, ex-
5 cept—

6 “(A) that nothing in this section shall be
7 interpreted—

8 “(i) to allow the Secretary to require
9 checks to be made copayable to the institu-
10 tion and the borrower; or

11 “(ii) to prohibit the disbursement of
12 loan proceeds by means other than by
13 check; and

14 “(B) in the case of any student who is
15 studying outside the United States in a pro-
16 gram of study abroad that is approved for cred-
17 it by the home institution at which such student
18 is enrolled, the funds shall, at the request of the
19 borrower, be delivered directly to the student
20 and the checks may be endorsed, and fund
21 transfers authorized, pursuant to an authorized
22 power-of-attorney;

23 “(6) provide that funds will be disbursed in a
24 manner that ensures that any Federal Pell Grant
25 funds, any Federal Direct Loan funds, and any

1 State or institutional grant or scholarship funds
2 awarded to the borrower are disbursed prior to dis-
3bursement of any funds from a loan under this part;
4 and

5 “(7) provide that the funds borrowed by a stu-
6 dent are otherwise disbursed in accordance with sec-
7 tion 428G.

8 “(b) WITHDRAWAL AND TERMINATION PROCE-
9 DURES.—The Secretary shall establish procedures by
10 which eligible lenders may withdraw or be terminated from
11 the program under this part.

12 “(c) SUBMISSION OF STATEMENTS BY HOLDERS ON
13 AMOUNT OF PAYMENT.—Each holder of an eligible loan
14 under this part, with respect to which payments of interest
15 are required to be made by the Secretary, shall submit
16 to the Secretary, at such time or times and in such man-
17 ner as the Secretary may prescribe, statements containing
18 such information as may be required by or pursuant to
19 regulation for the purpose of enabling the Secretary to de-
20 termine the amount of the payment which the Secretary
21 must make with respect to that loan.

22 **“SEC. 499A-4. PAYMENT OF LOAN GUARANTEE FOR DE-**
23 **FAULTED LOANS.**

24 “(a) NOTICE TO SECRETARY AND PAYMENT OF
25 LOSS.—Upon default by the student borrower on any eli-

1 gible loan under this part, and prior to the commencement
2 of suit or other enforcement proceedings upon security for
3 that loan, the insurance beneficiary shall promptly notify
4 the Secretary, and the Secretary shall if requested (at that
5 time or after further collection efforts) by the beneficiary,
6 or may on the Secretary's own motion, if the insurance
7 is still in effect, pay to the beneficiary 96 percent of the
8 amount of the loss sustained by the insured upon that loan
9 as soon as that amount has been determined.

10 “(b) AMOUNT OF LOSS.—The ‘amount of the loss’
11 on any loan shall, for the purposes of this subsection and
12 subsection (e), be deemed to be an amount equal to the
13 unpaid balance of the principal amount and accrued inter-
14 est, including interest accruing from the date of submis-
15 sion of a valid default claim (as determined by the Sec-
16 retary) to the date on which payment is authorized by the
17 Secretary, except that such amount may be reduced based
18 on default rate in a manner similar to the reductions de-
19 scribed in section 425(b).

20 “(c) DUE DILIGENCE.—Such beneficiary shall be re-
21 quired to meet the standards of due diligence in the collec-
22 tion of the loan and shall be required to submit proof that
23 the institution was contacted and other reasonable at-
24 tempts were made to locate the borrower (when the loca-

1 tion of the borrower is unknown) and proof that contact
2 was made with the borrower (when the location is known).

3 “(d) TIMING OF DETERMINATION.—The Secretary
4 shall make the determination required to carry out the
5 provisions of this section not later than 90 days after the
6 notification by the insurance beneficiary and shall make
7 payment in full on the amount of the beneficiary’s loss
8 pending completion of the due diligence investigation.

9 “(e) EFFECT OF PAYMENT OF LOSS.—Upon pay-
10 ment of the amount of the loss pursuant to subsection (a),
11 the United States shall be subrogated for all of the rights
12 of the holder of the obligation upon the insured loan and
13 shall be entitled to an assignment of the note or other
14 evidence of the insured loan by the insurance beneficiary.
15 The Secretary may, in attempting to make recovery on
16 such loans, contract with private business concerns, State
17 student loan insurance agencies, or State guaranty agen-
18 cies, for payment for services rendered by such concerns
19 or agencies in assisting the Secretary in making such re-
20 covery. Any contract under this subsection entered into
21 by the Secretary shall provide that attempts to make re-
22 covery on such loans shall be fair and reasonable, and do
23 not involve harassment, intimidation, false or misleading
24 representations, or unnecessary communications con-

cerning the existence of any such loan to persons other than the student borrower.

“(f) FORBEARANCE NOT PRECLUDED.—Nothing in this section or in this part shall be construed to preclude any forbearance for the benefit of the student borrower which may be agreed upon by the parties to the insured loan and approved by the Secretary, or to preclude forbearance by the Secretary in the enforcement of the insured obligation after payment on that insurance. Any forbearance which is approved by the Secretary under this subsection with respect to the repayment of a loan, including a forbearance during default, shall not be considered as indicating that a holder of a federally insured loan has failed to exercise reasonable care and due diligence in the collection of the loan.

“(g) CARE AND DILIGENCE REQUIRED OF HOLDERS.—Nothing in this section or in this part shall be construed to excuse the holder of a federally insured loan from exercising reasonable care and diligence in the making and collection of loans under the provisions of this part. If the Secretary, after a reasonable notice and opportunity for hearing to an eligible lender, finds that it has substantially failed to exercise such care and diligence or to make the reports and statements required under section 499A-3(c), the Secretary shall disqualify that lender for

1 further Federal insurance on loans granted pursuant to
2 this part until the Secretary is satisfied that its failure
3 has ceased and finds that there is reasonable assurance
4 that the lender will in the future exercise necessary care
5 and diligence or comply with such requirements, as the
6 case may be.

7 “(h) REPORTS TO CONSUMER REPORTING AGENCIES
8 AND INSTITUTIONS OF HIGHER EDUCATION.—For the
9 purpose of promoting responsible repayment of loans
10 under this part, the Secretary and each eligible lender and
11 subsequent holder shall enter into an agreement with each
12 consumer reporting agency to exchange information con-
13 cerning student borrowers in the same manner as such
14 agreements are made under section 430A.

15 **“SEC. 499A-5. PURCHASE OF LOANS SOLD IN SECONDARY**
16 **MARKET.**

17 “(a) IN GENERAL.—Loans under this part may be
18 sold in the secondary market to another eligible lender.

19 “(b) SERVICING AND LIQUIDATION.—When an eligi-
20 ble lender has sold the guaranteed portion of a loan in
21 the secondary market, the loan holder must perform all
22 necessary servicing and liquidation actions for such loan
23 [even after the Secretary has purchased the guaranteed
24 portion of such loan from the holder of the loan] [*Note*

1 *from LC: Do you want to just strike the bracketed text or*
2 *this entire subsection?】.*

3 “(c) STATUS REPORT.—In the event that the Sec-
4 retary purchases its guaranteed portion of such a loan
5 from the holder of the loan, the loan holder shall provide
6 the Secretary with a loan status report within 15 business
7 days of such purchase. This report shall include a status
8 report on the borrower and plans for any type of loan
9 workout or loan restructuring. The report shall accompany
10 requested documentation that the Secretary determines is
11 sufficient to be able to review the loan holder’s administra-
12 tion of the loan. Failure to provide requested documenta-
13 tion to the Secretary may lead to initiation of an action
14 for recovery from the loan holder of all or some of the
15 amounts the Secretary paid to the holder of the loan on
16 a guarantee.

17 “(d) FURTHER EVALUATION.—The Secretary shall
18 evaluate the eligible lender’s continued participation in the
19 secondary market and may restrict further sale of guaran-
20 teed portions into the secondary market until the Sec-
21 retary determines that the eligible lender has provided suf-
22 ficient documentation for purchases.

23 **“SEC. 499A-6. DEFAULT REDUCTION PROGRAM.**

24 “(a) OTHER REPAYMENT INCENTIVES.—

25 “(1) SALE OR ASSIGNMENT OF LOAN.—

1 “(A) IN GENERAL.—The Secretary, upon
2 securing 9 payments made within 20 days of
3 the due date during 10 consecutive months of
4 amounts owed on a loan for which the Sec-
5 retary has made a payment under this section,
6 shall, if practicable, sell the loan to another eli-
7 gible lender.

8 “(B) MONTHLY PAYMENTS.—The Sec-
9 retary shall not demand from a borrower as
10 monthly payment amounts described in sub-
11 paragraph (A) more than is reasonable and af-
12 fordable based on the borrower’s total financial
13 circumstances, except such monthly payment
14 amount shall not be less than \$5.

15 “(C) CONSUMER REPORTING AGENCIES.—
16 Upon the sale or assignment of the loan, the
17 Secretary shall request any consumer reporting
18 agency to which the Secretary or holder, as ap-
19 plicable, reported the default of the loan, to re-
20 move the record of the default from the bor-
21 rower’s credit history.

22 “(D) ELIGIBLE LENDER LIMITATION.—A
23 loan shall not be sold to an eligible lender under
24 subparagraph (A) if such lender has been found
25 by the Secretary to have substantially failed to

1 exercise the due diligence required of lenders
2 under this part.

3 “(E) DEFAULT DUE TO ERROR.—A loan
4 that does not meet the requirements of sub-
5 paragraph (A) may also be eligible for sale or
6 assignment under this paragraph upon a deter-
7 mination that the loan was in default due to
8 clerical or data processing error and would not,
9 in the absence of such error, be in a delinquent
10 status.

11 “(2) BORROWER ELIGIBILITY.—Any borrower
12 whose loan is sold under paragraph (1)(A) shall not
13 be precluded by section 484 from receiving addi-
14 tional loans or grants under this title (for which he
15 or she is otherwise eligible) on the basis of default-
16 ing on the loan prior to such loan sale.

17 “(3) APPLICABILITY OF GENERAL LOAN CONDI-
18 TIONS.—A loan that is sold under paragraph (1)(A)
19 shall, so long as the borrower continues to make
20 scheduled repayments thereon, be subject to the
21 same terms and conditions and qualify for the same
22 benefits and privileges as other loans made under
23 this part.

24 “(4) LIMITATION.—A borrower may obtain the
25 benefits available under this subsection with respect

1 to rehabilitating a loan (whether by loan sale or as-
2 signment) not more than 2 times per loan.

3 “(b) SATISFACTORY REPAYMENT ARRANGEMENTS
4 TO RENEW ELIGIBILITY.—The Secretary shall establish
5 a program which allows a borrower with a defaulted loan
6 or loans to renew eligibility for all title IV student finan-
7 cial assistance (regardless of whether the defaulted loan
8 has been sold to an eligible lender or assigned to the Sec-
9 retary) upon the borrower’s payment of 6 consecutive
10 monthly payments. The loan holder shall not demand from
11 a borrower as a monthly payment amount under this sub-
12 section more than is reasonable and affordable based upon
13 the borrower’s total financial circumstances. A borrower
14 may only obtain the benefit of this subsection with respect
15 to renewed eligibility once.

16 “(c) FINANCIAL AND ECONOMIC LITERACY.—Each
17 program described in subsection (b) shall include making
18 available financial and economic education materials for
19 a borrower who has rehabilitated a loan.

20 **“SEC. 499A-7. TERMS AND CONDITIONS OF LOANS.**

21 “(a) ELIGIBILITY; MAXIMUM AID.—

22 “(1) ELIGIBILITY.—A student’s amount of need
23 for a loan under this part shall be based solely on
24 the student’s estimated cost of attendance and esti-
25 mated financial assistance, including other assist-

1 ance through a Federal Pell Grant or a Federal Di-
2 rect Loan under this title or any State or institu-
3 tional grant or scholarship funds awarded to the stu-
4 dent. An expected family contribution or student aid
5 index shall not be considered.

6 “(2) MAXIMUM AID.—

7 “(A) IN GENERAL.—Subject to subpara-
8 graph (B), the maximum dollar amount of fi-
9 nancial assistance provided annually under this
10 part to a student shall not exceed an amount
11 equal to—

12 “(i) the cost of attendance for such
13 student; minus

14 “(ii) the total amount of—

15 “(I) other financial assistance
16 not received under this title (as de-
17 fined in section 480(i)); and **[***Note*
18 *from LC: You have an edit to change*
19 *the citation to section 480(j), which,*
20 *technically, is correct right now but the*
21 *correct reference will be to 480(i) on 7/*
22 *1/24 so the correct reference depends on*
23 *when you introduce this]*

24 “(II) other financial assistance
25 received under this title, including a

1 Federal Pell Grant or a Federal Di-
2 rect Loan.

3 “(B) LIMITATION.—A loan under this part
4 shall not exceed an amount equal to—

5 “(i) \$19,000 adjusted annually ac-
6 cording to the estimated percentage change
7 in the Consumer Price Index (as deter-
8 mined by the Secretary, using the defini-
9 tion in section 478(f)) for the most recent
10 calendar year ending prior to the beginning
11 of that award year; minus

12 “(ii) the amount described in sub-
13 clause (II) of subparagraph (A)(ii). *【Note*
14 *from LC: You’ve indicated to add ‘and*
15 *A(iii)’ but there is no A(iii)】*

16 “(b) INTEREST RATE.—*【Note from LC: You could*
17 *confirm with CRS but the way this is drafted, these rates*
18 *are fixed and are not variable. I don’t think you need to*
19 *say anything else.】*

20 “(1) RATES FOR BORROWERS NOT IN REPAY-
21 MENT STATUS.—In the case of a borrower who is
22 not in repayment status, for an Affordable Future
23 Loan for which the first disbursement is made on or
24 after July 1, 2025, the applicable rate of interest
25 shall, during any 12-month period beginning on July

1 1 and ending on June 30, be determined on the pre-
2 ceding June 1 and be equal to the lesser of—

3 “(A) a rate equal to the high yield of the
4 10-year Treasury note auctioned at the final
5 auction held prior to such June 1 plus 1 per-
6 cent; or

7 “(B) 6.28 percent.

8 “(2) RATES FOR BORROWERS IN REPAYMENT
9 STATUS.—In the case of a borrower who is in repay-
10 ment status, for an Affordable Future Loan for
11 which the first disbursement is made on or after
12 July 1, 2025, the applicable rate of interest shall,
13 during any 12-month period beginning on July 1
14 and ending on June 30, be determined on the pre-
15 ceding June 1 and be equal to the lesser of—

16 “(A) a rate equal to the high yield of the
17 10-year Treasury note auctioned at the final
18 auction held prior to such June 1 plus 2 per-
19 cent; or

20 “(B) 6.28 percent.

21 “(3) PUBLICATION.—The Secretary shall deter-
22 mine the applicable rates of interest under this sub-
23 section after consultation with the Secretary of the
24 Treasury and shall publish such rate in the Federal
25 Register as soon as practicable after the date of de-

1 termination, but before June 1 preceding the award
2 year.

3 “(4) SUBSIDIZED INTEREST.—The amount of
4 interest for a loan under this part shall be paid by
5 the Secretary to the eligible lender on behalf of the
6 borrower only during the period of time that the
7 borrower is not in repayment status.

8 “(5) NOT IN REPAYMENT STATUS.—In this sec-
9 tion the term ‘not in repayment status’ means any
10 period of time described in subparagraphs (A), (C),
11 or (D) of subsection (e)(2).

12 “(c) LOAN FEE.—Each eligible lender under this
13 part may charge the borrower an origination fee in an
14 amount not to exceed 1.0 percent of the principal amount
15 of the loan, to be deducted proportionately from each in-
16 stallment payment of the proceeds of the loan prior to pay-
17 ment to the borrower. A lender that charges an origination
18 fee under this paragraph shall assess the same fee to all
19 student borrowers.

20 “(d) REPAYMENT PLANS.—

21 “(1) DESIGN AND SELECTION.—Consistent with
22 criteria established by the Secretary, a borrower of
23 a loan made under this part shall be offered 2 re-
24 payment plans for such loan. The borrower shall be
25 entitled to accelerate, without penalty, repayment on

1 the borrower's loans under this part. The borrower
2 may choose—

3 “(A) a 15-year fixed installment repayment
4 plan; or

5 “(B) the income driven repayment plan de-
6 scribed in paragraph (2).

7 “(2) INCOME DRIVEN REPAYMENT PLAN.—

8 “(A) IN GENERAL.—Under the income-
9 driven repayment plan under this subsection the
10 borrower's aggregate monthly payment for
11 loans under this part shall be equal to the in-
12 come-driven calculation, divided by 12.

13 “(B) DISCRETIONARY INCOME.—The term
14 ‘discretionary income’ means the amount by
15 which a borrower's (and the borrower's spouse,
16 if applicable) annual adjusted gross income ex-
17 ceeds 150 percent of the poverty line applicable
18 to the borrower's family size.

19 “(C) DISCRETIONARY INCOME BEND
20 POINT.—The term ‘discretionary income bend
21 point’ means \$25,000, adjusted annually for in-
22 flation as determined by the Consumer Price
23 Index (as such term is defined in section
24 478(f)) for the previous calendar year.

25 “(D) INCOME-DRIVEN CALCULATION.—

1 “(i) IN GENERAL.—The term ‘income-
2 driven calculation’, when used with respect
3 to a borrower, means the annual amount
4 due on the total amount of loans under
5 this part, which annual amount is equiva-
6 lent to—

7 “(I) 10 percent of the borrower’s
8 discretionary income that is less than
9 the discretionary income bend point,
10 plus

11 “(II) 15 percent of the bor-
12 rower’s discretionary income that is
13 equal to or greater than the discre-
14 tionary income bend point.

15 “(ii) ANNUAL CALCULATION.—The
16 calculation under clause (i) shall be deter-
17 mined on an annual basis for the duration
18 of the repayment period.

19 “(3) SELECTION BY LENDER.—If a borrower of
20 a loan made under this part does not select a repay-
21 ment plan described in paragraph (1), the eligible
22 lender shall provide the borrower with a repayment
23 plan described in subparagraph (A) of paragraph
24 (1).

1 “(4) CHANGES IN SELECTIONS.—The borrower
2 of a loan made under this part may change the bor-
3 rower’s selection of a repayment plan under para-
4 graph (1), or the eligible lender’s selection of the
5 plan for the borrower under paragraph (3), as the
6 case may be, without penalty or subject to additional
7 fees, except that such borrower shall remain in a se-
8 lected repayment plan for not less than 6 months.

9 “(5) ALTERNATIVE REPAYMENT PLANS.—The
10 lender may provide, on a case by case basis, an al-
11 ternative repayment plan to a borrower of a loan
12 made under this part who demonstrates to the satis-
13 faction of the lender that the terms and conditions
14 of the repayment plans available under paragraph
15 (1) are not adequate to accommodate the borrower’s
16 exceptional circumstances. In designing such alter-
17 native repayment plans, the lender shall ensure that
18 such plans do not exceed the cost to the Federal
19 Government, as determined on the basis of the
20 present value of future payments by such borrowers,
21 of loans made using the plans available under para-
22 graph (1).

23 “(6) REPAYMENT AFTER DEFAULT.—

24 “(A) LENDER COSTS.—The eligible lender
25 may require any borrower who has defaulted on

1 a loan made under this part to pay all reason-
2 able collection costs associated with such loan.

3 “(B) PAYMENT TO SECRETARY.—The Sec-
4 retary may require any borrower who has de-
5 faulted on a loan made under this part to repay
6 the loan pursuant to the income driven repay-
7 ment plan described in paragraph (1)(B).

8 “(e) DEFERMENT.—

9 “(1) IN GENERAL.—A borrower of a loan made
10 under this part who meets any of the requirements
11 described in subparagraphs (A) through (D) of para-
12 graph (2) shall be eligible for a deferment, during
13 which periodic installments of principal and interest
14 need not be paid.

15 “(2) ELIGIBILITY.—A borrower of a loan made
16 under this part shall be eligible for a deferment dur-
17 ing any period—

18 “(A) during which the borrower is carrying
19 at least a normal full-time work load for the
20 course of study that the borrower is pursuing,
21 as determined by the eligible institution (as
22 such term is defined in section 435(a)) the bor-
23 rower is attending; or

24 “(B) for 6 months following the date on
25 which the borrower ceases to carry the normal

1 full-time work load as described in subpara-
2 graph (A);

3 “(C) during which the borrower—

4 “(i) is serving on active duty during a
5 war or other military operation or national
6 emergency; or

7 “(ii) is performing qualifying National
8 Guard duty during a war or other military
9 operation or national emergency,
10 and for the 180-day period following the demo-
11 bilization date for the service described in
12 clause (i) or (ii); or

13 “(D) during—

14 “(i) any period in which such bor-
15 rower is receiving treatment for cancer;
16 and

17 “(ii) the 6 months after such period.

18 “(3) INTEREST ACCRUAL.—During periods de-
19 scribed in subparagraphs (A), (C), and (D) of para-
20 graph (2) interest shall be subsidized in accordance
21 with subsection (b)(4).

22 “(f) LOAN APPLICATION AND PROMISSORY NOTE.—
23 The common financial reporting form required in section
24 483(a)(1) shall constitute the application for loans made
25 under this part. The Secretary shall develop, print, and

1 distribute to participating eligible lenders a standard
2 promissory note and loan disclosure form.

3 “(g) LOAN DISBURSEMENT.—Loans shall be dis-
4 bursed in accordance with section 499A-3.

5 “(h) DISCLOSURES.—With respect to loans under
6 this part and in accordance with such regulations as the
7 Secretary shall prescribe, each eligible lender participating
8 in this part shall comply with each of the requirements
9 under section 433 that apply to a lender with respect to
10 a loan under part B.

11 “(i) ENROLLMENT PERIOD LIMITATIONS.—In order
12 to continue to be eligible for a loan under this part, a bor-
13 rower shall complete the program of study not more than
14 5 years after the date the borrower first enters the pro-
15 gram of study. **[Note from LC: Are there programs of study**
16 **that are longer than 5 years that you’re cutting off?]**

17 **“SEC. 499A-8. RELATIONSHIP TO OTHER FEDERAL LOANS.**

18 “(a) IN GENERAL.—A borrower may borrow loans
19 both under part D and under this part for the same period
20 of study. If a borrower is borrowing loans under both part
21 D and this part for the same period of study, the eligible
22 lender shall ensure that the Secretary has made deter-
23 minations about the amount of loans awarded under part
24 D for such period prior to determining the amount of

1 loans under this part that the borrower is eligible to bor-
2 row, in accordance with section 499A-2(b).

3 “(b) RULE OF CONSTRUCTION.—Nothing in this Act
4 shall be construed to require a borrower who borrows
5 loans under this part to also borrow loans under part D.

6 “(c) PROHIBITION ON COMBINING LOANS.—The Sec-
7 retary may not combine or otherwise consolidate a loan
8 made under this part with a loan made under part D, un-
9 less the borrower of such loans elects to consolidate such
10 loans.”.