

**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 4508  
OFFERED BY MR. COURTNEY OF CONNECTICUT**

Title IV of the amendment is amended by adding at the end the following:

1           **PART I—STUDENT LOAN REFINANCING**  
2                                   **PROGRAM**

3   **SEC. 498. REFINANCING PROGRAM.**

4           Title IV (20 U.S.C. 1070 et seq.) is amended by add-  
5   ing at the end the following:

6           **“PART J—STUDENT LOAN REFINANCING**  
7                                   **PROGRAM**

8   **“SEC. 499A. REFINANCING FFEL, FEDERAL DIRECT, AND**  
9                                   **FEDERAL ONE LOANS.**

10          “(a) IN GENERAL.—Beginning not later than 180  
11   days after the date of enactment of the PROSPER Act,  
12   the Secretary shall establish a program under which the  
13   Secretary, upon the receipt of an application from a quali-  
14   fied borrower, makes a loan under this section, in accord-  
15   ance with the provisions of this section, in order to enable  
16   the borrower to obtain the interest rate provided under  
17   subsection (c).

18          “(b) TERMS AND CONDITIONS OF LOANS.—

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

5           “(2) NO AUTOMATIC EXTENSION OF REPAY-  
6           MENT PERIOD.—Refinancing a loan under this sec-  
7           tion shall not result in the extension of the duration  
8           of the repayment period of the loan, and the bor-  
9           rower shall retain the same repayment term that  
10          was in effect on the original loan.

11          “(c) REFINANCING LOANS.—

12           “(1) FEDERAL DIRECT LOANS.—Upon applica-  
13          tion of a qualified borrower, the Secretary shall  
14          repay a Federal Direct Stafford Loan, a Federal Di-  
15          rect Unsubsidized Stafford Loan, a Federal Direct  
16          PLUS Loan, or a Federal Direct Consolidation  
17          Loan of the qualified borrower, for which the first  
18          disbursement was made, or the application for the  
19          consolidation loan was received, before July 1, 2017,  
20          with the proceeds of a loan under this section issued  
21          to the borrower in an amount equal to the sum of  
22          the unpaid principal, accrued unpaid interest, and  
23          late charges of the original loan.

24           “(2) FEDERAL ONE LOANS.—Upon application  
25          of a qualified borrower, the Secretary shall repay a

1 Federal ONE Loan of a qualified borrower with the  
2 proceeds of a loan under this section issued to the  
3 borrower in an amount equal to the sum of the un-  
4 paid principal, accrued unpaid interest, and late  
5 charges of the original loan.

6 “(3) REFINANCING FFEL PROGRAM LOANS.—  
7 Upon application of a qualified borrower for any  
8 loan that was made, insured, or guaranteed under  
9 part B and for which the first disbursement was  
10 made, or the application for the consolidation loan  
11 was received, before July 1, 2010, the Secretary  
12 shall make a loan under this section, in an amount  
13 equal to the sum of the unpaid principal, accrued  
14 unpaid interest, and late charges of the original loan  
15 to the borrower in accordance with the following:

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—

24 “(i) a loan originally made, insured,  
25 or guaranteed under section 428 shall be a

1 loan under this section with the same  
2 terms and conditions as a Federal Direct  
3 Stafford Loan (except as otherwise pro-  
4 vided in this section);

5 “(ii) a loan originally made, insured,  
6 or guaranteed under section 428B shall be  
7 a loan under this section with the same  
8 terms and conditions as a Federal Direct  
9 PLUS Loan (except as otherwise provided  
10 in this section);

11 “(iii) a loan originally made, insured,  
12 or guaranteed under section 428H shall be  
13 a loan under this section with the same  
14 terms and conditions as a Federal Direct  
15 Unsubsidized Stafford Loan (except as  
16 otherwise provided in this section); and

17 “(iv) a loan originally made, insured,  
18 or guaranteed under section 428C shall be  
19 a loan under this section with the same  
20 terms and conditions as a Federal Direct  
21 Consolidation Loan (except as otherwise  
22 provided in this section).

23 “(d) INTEREST RATES.—

1           “(1) IN GENERAL.—The interest rate for refi-  
2           nancing loans under this section, shall be a rate  
3           equal to—

4                   “(A) in any case where the original loan  
5                   was a loan under section 428 or 428H, a Fed-  
6                   eral Direct Stafford loan, or a Federal Direct  
7                   Unsubsidized Stafford Loan, that was issued to  
8                   an undergraduate student, a rate equal to the  
9                   rate for Federal Direct Stafford Loans and  
10                  Federal Direct Unsubsidized Stafford Loans  
11                  issued to undergraduate students for the 12-  
12                  month period beginning on July 1, 2016, and  
13                  ending on June 30, 2017;

14                   “(B) in any case where the original loan  
15                   was a loan under section 428 or 428H, a Fed-  
16                   eral Direct Stafford Loan, or a Federal Direct  
17                   Unsubsidized Stafford Loan, that was issued to  
18                   a graduate or professional student, a rate equal  
19                   to the rate for Federal Direct Unsubsidized  
20                   Stafford Loans issued to graduate or profes-  
21                   sional students for the 12-month period begin-  
22                   ning on July 1, 2016, and ending on June 30,  
23                   2017;

24                   “(C) in any case where the original loan  
25                   was a loan under section 428B or a Federal Di-

1           rect PLUS Loan, a rate equal to the rate for  
2           Federal Direct PLUS Loans for the 12-month  
3           period beginning on July 1, 2016, and ending  
4           on June 30, 2017;

5           “(D) in any case where the original loan  
6           was a loan under section 428C or a Federal Di-  
7           rect Consolidation Loan, a rate calculated in ac-  
8           cordance with paragraph (2); and

9           “(E) in an case where the original loan  
10          was a Federal ONE Loan, for loans disbursed  
11          during any 12-month period beginning on July  
12          1 and ending on June 30, either—

13                 “(i) the high yield of the 10-year  
14                 Treasury note auctioned at the final auc-  
15                 tion held prior the preceding June 1—

16                         “(I) plus 2.05 percent for loans  
17                         issued to undergraduate students;

18                         “(II) plus 3.60 percent for loans  
19                         issued to graduate or professional stu-  
20                         dents; and

21                         “(III) plus 4.6 percent for loans  
22                         issued to parent borrowers; or

23                         “(ii) a fixed rate for such period as  
24                         determined by the Secretary.

1           “(2) INTEREST RATES FOR CONSOLIDATION  
2           LOANS.—

3           “(A) METHOD OF CALCULATION.—In  
4           order to determine the interest rate for any  
5           loan under this section that was originally a  
6           loan under section 428C or Federal Direct Con-  
7           solidation Loan under paragraph (1)(D), the  
8           Secretary shall—

9                   “(i) determine each of the component  
10                   loans that were originally consolidated in  
11                   the loan under section 428C or the Federal  
12                   Direct Consolidation Loan, and calculate  
13                   the proportion of the unpaid principal bal-  
14                   ance of the loan under section 428C or the  
15                   Federal Direct Consolidation Loan that  
16                   each component loan represents;

17                   “(ii) use the proportions determined  
18                   in accordance with clause (i) and the inter-  
19                   est rate applicable for each component  
20                   loan, as determined under subparagraph  
21                   (B), to calculate the weighted average of  
22                   the interest rates on the loans consolidated  
23                   into the loan under section 428C or the  
24                   Federal Direct Consolidation Loan; and

1 “(iii) apply the weighted average cal-  
2 culated under clause (ii) as the interest  
3 rate for the refinanced Federal Direct Con-  
4 solidation Loan.

5 “(B) INTEREST RATES FOR COMPONENT  
6 LOANS.—The interest rates for the component  
7 loans of a loan made under 428C or a Federal  
8 Direct Consolidation Loan shall be the fol-  
9 lowing:

10 “(i) The interest rate for any loan  
11 under section 428 or 428H, Federal Direct  
12 Stafford Loan, or Federal Direct Unsub-  
13 sidized Stafford Loan issued to an under-  
14 graduate student shall be a rate equal to  
15 the lesser of—

16 “(I) the rate for Federal Direct  
17 Stafford Loans and Federal Direct  
18 Unsubsidized Stafford Loans issued  
19 to undergraduate students for the 12-  
20 month period beginning on July 1,  
21 2016, and ending on June 30, 2017;  
22 or

23 “(II) the original interest rate of  
24 the component loan.



1           “(ii) The interest rate for any loan  
2           under section 428 or 428H, Federal Direct  
3           Stafford Loan, or Federal Direct Unsub-  
4           sidized Stafford Loan issued to a graduate  
5           or professional student shall be a rate  
6           equal to the lesser of—

7                       “(I) the rate for Federal Direct  
8                       Unsubsidized Stafford Loans issued  
9                       to graduate or professional students  
10                      for the 12-month period beginning on  
11                      July 1, 2016, and ending on June 30,  
12                      2017; or

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

15           “(iii) The interest rate for any loan  
16           under section 428B or Federal Direct  
17           PLUS Loan shall be a rate equal to the  
18           lesser of—

19                     “(I) the rate for Federal Direct  
20                     PLUS Loans for the 12-month period  
21                     beginning on July 1, 2016, and end-  
22                     ing on June 30, 2017; or

23                     “(II) the original interest rate of  
24                     the component loan.

1           “(iv) The interest rate for any compo-  
2           nent loan that is a loan under section  
3           428C or a Federal Direct Consolidation  
4           Loan shall be the weighted average of the  
5           interest rates that would apply under this  
6           subparagraph for each loan comprising the  
7           component consolidation loan.

8           “(v) The interest rate for any eligible  
9           loan that is a component of a loan made  
10          under section 428C or a Federal Direct  
11          Consolidation Loan and is not described in  
12          clauses (i) through (iv) shall be the inter-  
13          est rate on the original component loan.

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

18          “(e) APPLICABILITY OF PARTS D AND G.—Except as  
19          otherwise provided in this section, the provisions of part  
20          D and part G shall apply with respect to loans made under  
21          this section in the same manner that such provisions apply  
22          with respect to loans made under part D.

23          “(f) REPAYMENT PLANS.—In calculating the period  
24          of time during which a borrower of a loan that is refi-  
25          nanced under this section has made monthly payments for

1 purposes of section 493C(b)(7), the Secretary shall deem  
2 the period to include all monthly payments made for the  
3 original loan, and all monthly payments made for the refi-  
4 nanced loan, that otherwise meet the requirements of this  
5 section.

6 “(g) PUBLIC SERVICE LOAN FORGIVENESS.—

7 “(1) REFINANCED FEDERAL DIRECT OR FED-  
8 ERAL ONE LOANS.—In determining the number of  
9 monthly payments that meet the requirements of  
10 section 455(m)(1) for a loan under this section that  
11 was originally a loan under part D or part E, the  
12 Secretary shall include all monthly payments made  
13 on the original loan that meet the requirements of  
14 such paragraph.

15 “(2) REFINANCED FFEL LOANS.—In the case of  
16 an eligible Federal Direct Loan refinanced under  
17 this section that was originally a loan under part B,  
18 only monthly payments made after the date on  
19 which the loan was refinanced may be included for  
20 purposes of section 455(m)(1).

21 “(h) 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)(i) of a loan under part D or part B  
2           for which the first disbursement was made, or  
3           the application for a consolidation loan was re-  
4           ceived, before July 1, 2017; or

5           “(ii) of a Federal ONE loan under part E;  
6           and

7           “(B) who meets the eligibility requirements  
8           based on income or debt-to-income ratio estab-  
9           lished by the Secretary.

10          “(2) INCOME REQUIREMENTS.—Not later than  
11          180 days after the date of enactment of the PROS-  
12          PER Act, the Secretary shall establish eligibility re-  
13          quirements based on income or debt-to-income ratio  
14          that take into consideration providing access to refi-  
15          nancing under this section for borrowers with the  
16          greatest financial need.

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

1           “(1) Developing consumer information mate-  
2           rials about the availability of Federal student loan  
3           refinancing.

4           “(2) Requiring servicers of loans under this  
5           title to provide such consumer information to bor-  
6           rowers in a manner determined appropriate by the  
7           Secretary, in consultation with the Director of the  
8           Bureau of Consumer Financial Protection.

9   **“SEC. 499B. FEDERALLY REFINANCED PRIVATE LOAN PRO-**  
10                           **GRAM.**

11           “(a) DEFINITIONS.—In this section:

12           “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—  
13           The term ‘eligible private education loan’ means a  
14           private education loan, as defined in section 140(a)  
15           of the Truth in Lending Act (15 U.S.C. 1650(a)),  
16           that—

17                           “(A) was disbursed to the borrower before  
18                           July 1, 2017; and

19                           “(B) was for the borrower’s own postsec-  
20                           ondary educational expenses for an eligible pro-  
21                           gram at an institution of higher education par-  
22                           ticipating in the loan program under part E, as  
23                           of the date that the loan was disbursed.

1           “(2) FEDERALLY REFINANCED PRIVATE  
2           LOAN.—The term ‘Federally Refinanced Private  
3           Loan’ means a loan issued under subsection (b)(1).

4           “(3) PRIVATE EDUCATIONAL LENDER.—The  
5           term ‘private educational lender’ has the meaning  
6           given the term in section 140(a) of the Truth in  
7           Lending Act (15 U.S.C. 1650(a)).

8           “(4) QUALIFIED BORROWER.—The term ‘quali-  
9           fied borrower’ means an individual who—

10                   “(A) has an eligible private education loan;

11                   “(B) has been current on payments on the  
12                   eligible private education loan for the 6 months  
13                   prior to the date of the qualified borrower’s ap-  
14                   plication for refinancing under this section, and  
15                   is in good standing on the loan at the time of  
16                   such application;

17                   “(C) is not in default on the eligible pri-  
18                   vate education loan or on any loan made, in-  
19                   sured, or guaranteed under this title; and

20                   “(D) meets the eligibility requirements de-  
21                   scribed in subsection (b)(2).

22           “(b) PROGRAM AUTHORIZED.—

23                   “(1) IN GENERAL.—The Secretary, in consulta-  
24                   tion with the Secretary of Treasury, shall carry out  
25                   a program under which the Secretary, upon applica-

1       tion by a qualified borrower who has an eligible pri-  
2       vate education loan, shall issue such borrower a loan  
3       under this section in accordance with the following:

4               “(A) The loan issued under this program  
5       shall be in an amount equal to the sum of the  
6       unpaid principal, accrued unpaid interest, and  
7       late charges of the private education loan.

8               “(B) The Secretary shall pay the proceeds  
9       of the loan issued under this program to the  
10      private educational lender of the private edu-  
11      cation loan, in order to discharge the qualified  
12      borrower from any remaining obligation to the  
13      lender with respect to the original loan.

14              “(C) The Secretary shall require that the  
15      qualified borrower undergo loan counseling that  
16      provides all of the information and counseling  
17      required under clauses (i) through (viii) of sec-  
18      tion 485(b)(1)(A) before the loan is refinanced  
19      in accordance with this section, and before the  
20      proceeds of such loan are paid to the private  
21      educational lender.

22              “(D) The Secretary shall issue the loan as  
23      a Federally Refinanced Private Loan, which  
24      shall have the same terms, conditions, and ben-  
25      efits as a Federal Direct Unsubsidized Stafford

1           Loan, except as otherwise provided in this sec-  
2           tion.

3           “(2) BORROWER ELIGIBILITY.—Not later than  
4           180 days after the date of enactment of the PROS-  
5           PER Act, the Secretary, in consultation with the  
6           Secretary of the Treasury and the Director of the  
7           Bureau of Consumer Financial Protection, shall es-  
8           tablish eligibility requirements—

9                   “(A) based on income or debt-to-income  
10                   ratio that take into consideration providing ac-  
11                   cess to refinancing under this section for bor-  
12                   rowers with the greatest financial need;

13                   “(B) to ensure eligibility only for bor-  
14                   rowers in good standing;

15                   “(C) to minimize inequities between Feder-  
16                   ally Refinanced Private Loans and other Fed-  
17                   eral student loans;

18                   “(D) to preclude windfall profits for pri-  
19                   vate educational lenders; and

20                   “(E) to ensure full access to the program  
21                   authorized in this subsection for borrowers with  
22                   private loans who otherwise meet the criteria  
23                   established in accordance with subparagraphs  
24                   (A) and (B).

25           “(c) INTEREST RATE.—



1           “(1) IN GENERAL.—The interest rate for a  
2           Federally Refinanced Private Loan is—

3                   “(A) in the case of a Federally Refinanced  
4           Private Loan for a private education loan origi-  
5           nally issued for undergraduate postsecondary  
6           educational expenses, a rate equal to the rate  
7           for Federal Direct Stafford Loans and Federal  
8           Direct Unsubsidized Stafford Loans issued to  
9           undergraduate students for the 12-month pe-  
10          riod beginning on July 1, 2016, and ending on  
11          June 30, 2017; and

12                   “(B) in the case of a Federally Refinanced  
13          Private Loan for a private education loan origi-  
14          nally issued for graduate or professional degree  
15          postsecondary educational expenses, a rate  
16          equal to the rate for Federal Direct Unsub-  
17          sidized Stafford Loans issued to graduate or  
18          professional students for the 12-month period  
19          beginning on July 1, 2016, and ending on June  
20          30, 2017.

21                   “(2) COMBINED UNDERGRADUATE AND GRAD-  
22          UATE STUDY LOANS.—If a Federally Refinanced  
23          Private Loan is for a private education loan origi-  
24          nally issued for both undergraduate and graduate or  
25          professional postsecondary educational expenses, the

1 interest rate shall be a rate equal to the rate for  
2 Federal Direct PLUS Loans for the 12-month pe-  
3 riod beginning on July 1, 2016, and ending on June  
4 30, 2017.

5 “(3) FIXED RATE.—The applicable rate of in-  
6 terest determined under this subsection for a Feder-  
7 ally Refinanced Private Loan shall be fixed for the  
8 period of the loan.

9 “(d) NO INCLUSION IN AGGREGATE LIMITS.—The  
10 amount of a Federally Refinanced Private Loan, or a Fed-  
11 eral Direct Consolidated Loan or Federal ONE Consolida-  
12 tion Loan, to the extent such loan was used to repay a  
13 Federally Refinanced Private Loan, shall not be included  
14 in calculating a borrower’s annual or aggregate loan limits  
15 under this title.

16 “(e) APPLICABILITY OF PARTS D AND G.—Except as  
17 otherwise provided in this section, the provisions of part  
18 D and part G shall apply with respect to loans made under  
19 this section in the same manner that such provisions apply  
20 with respect to loans made under part D.

21 “(f) NO ELIGIBILITY FOR SERVICE-RELATED REPAY-  
22 MENT.—Notwithstanding any other provision of this title,  
23 a Federally Refinanced Private Loan, or any Federal Di-  
24 rect Consolidation Loan or Federal ONE Consolidation  
25 Loan, to the extent such loan was used to repay a Feder-

1 ally Refinanced Private Loan, shall not be eligible for any  
2 loan repayment or loan forgiveness program under section  
3 428K, 428L, or 499 or for the repayment plan for public  
4 service employees under section 455(m).

5 “(g) SPECIAL RULE FOR REPAYMENT.—In calcu-  
6 lating the period of time during which a borrower of a  
7 Federally Refinanced Private Loan under this section has  
8 made monthly payments for purposes of section  
9 493C(b)(7), the Secretary shall include only payments—

10 “(1) that are made after the date of the  
11 issuance of the Federally Refinanced Private Loan;  
12 and

13 “(2) that otherwise meet the requirements of  
14 this section.

15 “(h) PRIVATE EDUCATIONAL LENDER REPORTING  
16 REQUIREMENT.—

17 “(1) REPORTING REQUIRED.—Not later than  
18 180 days after the date of enactment of the PROS-  
19 PER Act, the Secretary, in consultation with the  
20 Secretary of the Treasury and the Director of the  
21 Bureau of Consumer Financial Protection, shall es-  
22 tablish a requirement that private educational lend-  
23 ers report the data described in paragraph (2) to the  
24 Secretary, to Congress, to the Secretary of the  
25 Treasury, and to the Director of the Bureau of Con-

1 consumer Financial Protection, in order to allow for an  
2 assessment of the private education loan market.

3 “(2) CONTENTS OF REPORTING.—The data  
4 that private educational lenders shall report in ac-  
5 cordance with paragraph (1) shall include each of  
6 the following about private education loans (as de-  
7 fined in section 140(a) of the Truth in Lending Act  
8 (15 U.S.C. 1650(a)):

9 “(A) The total amount of private education  
10 loan debt the lender holds.

11 “(B) The total number of private edu-  
12 cation loan borrowers the lender serves.

13 “(C) The average interest rate on the out-  
14 standing private education loan debt held by the  
15 lender.

16 “(D) The proportion of private education  
17 loan borrowers who are in default on a loan  
18 held by the lender.

19 “(E) The proportion of the outstanding  
20 private education loan volume held by the lend-  
21 er that is in default.

22 “(F) The proportions of outstanding pri-  
23 vate education loan borrowers who are 30, 60,  
24 and 90 days delinquent.

1                   “(G) The proportions of outstanding pri-  
2                   vate education loan volume that is 30, 60, and  
3                   90 days delinquent.

4                   “(i) NOTIFICATION TO BORROWERS.—The Secretary,  
5 in coordination with the Secretary of the Treasury and  
6 the Director of the Bureau of Consumer Financial Protec-  
7 tion, shall undertake a campaign to alert borrowers about  
8 the availability of private student loan refinancing under  
9 this section.”.

