

104TH CONGRESS  
2D SESSION

# H. R. 3863

To amend the Higher Education Act of 1965 to permit lenders under the unsubsidized Federal Family Education Loan program to pay origination fees on behalf of borrowers.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 22, 1996

Mr. GOODLING (for himself, Mr. GREENWOOD, Mr. McKEON, Mr. FATTAH, Mr. FAWELL, Mr. CLINGER, and Mr. GEKAS) introduced the following bill; which was referred to the Committee on Economic and Educational Opportunities

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## A BILL

To amend the Higher Education Act of 1965 to permit lenders under the unsubsidized Federal Family Education Loan program to pay origination fees on behalf of borrowers.

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 “Student Debt Reduc-

5       tion Act of 1996”.

1 **SEC. 2. UNSUBSIDIZED STUDENT LOANS.**

2 (a) AMENDMENT.—Paragraph (1) of section 428H(f)  
3 of the Higher Education Act of 1965 (20 U.S.C. 1078–  
4 8(f)(1)) is amended to read as follows:

5 “(1) AMOUNT OF ORIGINATION FEE.—Except  
6 as provided in paragraph (5), an origination fee  
7 shall be paid to the Secretary with respect to each  
8 loan under this section in the amount of 3.0 percent  
9 of the principal amount of the loan. Each lender  
10 under this section is authorized to charge the bor-  
11 rower for such origination fee. Any such fee charged  
12 to the borrower shall be deducted proportionately  
13 from each installment payment of the proceeds of  
14 the loan prior to payment to the borrower.”.

15 (b) CONFORMING AMENDMENTS.—Section 428H of  
16 such Act is further amended—

17 (1) in paragraph (3), by striking “the origina-  
18 tion fee” and inserting “any origination fee that is  
19 charged to the borrower”; and

20 (2) in paragraph (4), by striking “origination  
21 fees authorized to be collected from borrowers” and  
22 inserting “origination fees required under paragraph  
23 (1)”.

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