

One Hundred Ninth Congress  
of the  
United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Tuesday,  
the third day of January, two thousand and six*

An Act

To temporarily extend the programs under the Higher Education Act of 1965,  
and for other purposes.

*Be it enacted by the Senate and House of Representatives of  
the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Third Higher Education Extension Act of 2006”.

**SEC. 2. EXTENSION OF PROGRAMS.**

Section 2(a) of the Higher Education Extension Act of 2005 (P.L. 109–81; 20 U.S.C. 1001 note) is amended by striking “September 30, 2006” and inserting “June 30, 2007”.

**SEC. 3. ELIGIBLE LENDER TRUSTEE RELATIONSHIPS WITH ELIGIBLE INSTITUTIONS.**

(a) AMENDMENT.—Section 435(d) of the Higher Education Act of 1965 (20 U.S.C. 1085(d)) is amended by adding at the end the following new paragraph:

“(7) ELIGIBLE LENDER TRUSTEES.—Notwithstanding any other provision of this subsection, an eligible lender may not make or hold a loan under this part as trustee for an institution of higher education, or for an organization affiliated with an institution of higher education, unless—

“(A) the eligible lender is serving as trustee for that institution or organization as of the date of enactment of the Third Higher Education Extension Act of 2006 under a contract that was originally entered into before the date of enactment of such Act and that continues in effect or is renewed after such date; and

“(B) the institution or organization, and the eligible lender, with respect to its duties as trustee, each comply on and after January 1, 2007, with the requirements of paragraph (2), except that—

“(i) the requirements of clauses (i), (ii), (vi), and (viii) of paragraph (2)(A) shall, subject to clause (ii) of this subparagraph, only apply to the institution (including both an institution for which the lender serves as trustee and an institution affiliated with an organization for which the lender serves as trustee);

“(ii) in the case of an organization affiliated with an institution—

“(I) the requirements of clauses (iii) and (v) of paragraph (2)(A) shall apply to the organization; and

“(II) the requirements of clause (viii) of paragraph (2)(A) shall apply to the institution or the organization (or both), if the institution or organization receives (directly or indirectly) the proceeds described in such clause;

“(iii) the requirements of clauses (iv) and (ix) of paragraph (2)(A) shall not apply to the eligible lender, institution, or organization; and

“(iv) the eligible lender, institution, and organization shall ensure that the loans made or held by the eligible lender as trustee for the institution or organization, as the case may be, are included in a compliance audit in accordance with clause (vii) of paragraph (2)(A).”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall not apply with respect to any loan under part B of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.) disbursed before January 1, 2007.

#### **SEC. 4. HISPANIC-SERVING INSTITUTIONS.**

(a) **DEFINITION CHANGES.**—Section 502(a) of the Higher Education Act of 1965 (20 U.S.C. 1101a(a)) is amended—

(1) in paragraph (5)—

(A) by inserting “and” after the semicolon at the end of subparagraph (A);

(B) in subparagraph (B)—

(i) by striking “at the time of application,”; and

(ii) by inserting “at the end of the award year immediately preceding the date of application” after “Hispanic students”;

(C) by striking “; and” at the end of subparagraph (B) and inserting a period; and

(D) by striking subparagraph (C); and

(2) by striking paragraph (7).

(b) **WAIT-OUT PERIOD ELIMINATED.**—Section 504(a) of such Act (20 U.S.C. 1101c(a)) is amended to read as follows:

“(a) **AWARD PERIOD.**—The Secretary may award a grant to a Hispanic-serving institution under this title for 5 years.”.

#### **SEC. 5. GUARANTY AGENCY ACCOUNT MAINTENANCE FEES.**

Section 458(b) of the Higher Education Act of 1965 (20 U.S.C. 1087h(b)) is amended by striking “shall not exceed” and inserting “shall be calculated on”.

#### **SEC. 6. CANCELLATION OF STUDENT LOAN INDEBTEDNESS FOR SURVIVORS OF VICTIMS OF THE SEPTEMBER 11, 2001, ATTACKS.**

(a) **DEFINITIONS.**—For purposes of this section:

(1) **ELIGIBLE PUBLIC SERVANT.**—The term “eligible public servant” means an individual who, as determined in accordance with regulations of the Secretary—

(A) served as a police officer, firefighter, other safety or rescue personnel, or as a member of the Armed Forces; and

(B) died (or dies) or became (or becomes) permanently and totally disabled due to injuries suffered in the terrorist attack on September 11, 2001.

(2) ELIGIBLE VICTIM.—The term “eligible victim” means an individual who, as determined in accordance with regulations of the Secretary, died (or dies) or became (or becomes) permanently and totally disabled due to injuries suffered in the terrorist attack on September 11, 2001.

(3) ELIGIBLE PARENT.—The term “eligible parent” means the parent of an eligible victim if—

(A) the parent owes a Federal student loan that is a consolidation loan that was used to repay a PLUS loan incurred on behalf of such eligible victim; or

(B) the parent owes a Federal student loan that is a PLUS loan incurred on behalf of an eligible victim.

(4) SECRETARY.—The term “Secretary” means the Secretary of Education.

(5) FEDERAL STUDENT LOAN.—The term “Federal student loan” means any loan made, insured, or guaranteed under part B, D, or E of title IV of the Higher Education Act of 1965.

(b) RELIEF FROM INDEBTEDNESS.—

(1) IN GENERAL.—The Secretary shall provide for the discharge or cancellation of—

(A) the Federal student loan indebtedness of the spouse of an eligible public servant, as determined in accordance with regulations of the Secretary, including any consolidation loan that was used jointly by the eligible public servant and his or her spouse to repay the Federal student loans of the spouse and the eligible public servant;

(B) the portion incurred on behalf of the eligible victim (other than an eligible public servant), of a Federal student loan that is a consolidation loan that was used jointly by the eligible victim and his or her spouse, as determined in accordance with regulations of the Secretary, to repay the Federal student loans of the eligible victim and his or her spouse;

(C) the portion of the consolidation loan indebtedness of an eligible parent that was incurred on behalf of an eligible victim; and

(D) the PLUS loan indebtedness of an eligible parent that was incurred on behalf of an eligible victim.

(2) METHOD OF DISCHARGE OR CANCELLATION.—A loan required to be discharged or canceled under paragraph (1) shall be discharged or canceled by the method used under section 437(a), 455(a)(1), or 464(c)(1)(F) of the Higher Education Act of 1965 (20 U.S.C. 1087(a), 1087e(a)(1), 1087dd(c)(1)(F)), whichever is applicable to such loan.

(c) FACILITATION OF CLAIMS.—The Secretary shall—

(1) establish procedures for the filing of applications for discharge or cancellation under this section by regulations that shall be prescribed and published within 90 days after the date of enactment of this Act and without regard to the requirements of section 553 of title 5, United States Code, and section 437 of the General Education Provisions Act (20 U.S.C. 1232); and

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(2) take such actions as may be necessary to publicize the availability of discharge or cancellation of Federal student loan indebtedness under this section.

(d) AVAILABILITY OF FUNDS FOR PAYMENTS.—Funds available for the purposes of making payments to lenders in accordance with section 437(a) for the discharge of indebtedness of deceased or disabled individuals shall be available for making payments under section 437(a) to lenders of loans as required by this section.

(e) APPLICABLE TO OUTSTANDING DEBT.—The provisions of this section shall be applied to discharge or cancel only Federal student loans (including consolidation loans) on which amounts were owed on September 11, 2001, except that nothing in this section shall be construed to authorize any refunding of any repayment of a loan.

(f) DEADLINES AND PROCEDURES.—Sections 482(c) and 492 of the Higher Education Act of 1965 (20 U.S.C. 1089(c), 1098(a)) shall not apply to any regulations required by this section.

**SEC. 7. RULE OF CONSTRUCTION.**

Nothing in this Act, or in the Higher Education Extension Act of 2005 as amended by this Act, shall be construed to limit or otherwise alter the authorizations of appropriations for, or the durations of, programs contained in the amendments made by the Higher Education Reconciliation Act of 2005 (P.L. 109–171) to the provisions of the Higher Education Act of 1965 and the Taxpayer-Teacher Protection Act of 2004.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*