

110<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5715

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## AN ACT

To ensure continued availability of access to the Federal student loan program for students and families.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This title may be cited as the “Ensuring Continued  
3 Access to Student Loans Act of 2008”.

4 **SEC. 2. INCREASING UNSUBSIDIZED STAFFORD LOAN LIM-**  
5 **ITS FOR UNDERGRADUATE AND GRADUATE**  
6 **STUDENTS.**

7 (a) AMENDMENTS.—Subsection (d) of section 428H  
8 of the Higher Education Act of 1965 (20 U.S.C. 1078–  
9 8(d)) is amended to read as follows:

10 “(d) LOAN LIMITS.—

11 “(1) IN GENERAL.—Except as provided in para-  
12 graphs (2), (3), and (4), the annual and aggregate  
13 limits for loans under this section shall be the same  
14 as those established under section 428(b)(1), less  
15 any amount received by such student pursuant to  
16 the subsidized loan program established under sec-  
17 tion 428.

18 “(2) LIMITS FOR GRADUATE AND PROFES-  
19 SIONAL STUDENTS.—

20 “(A) ANNUAL LIMITS.—The maximum an-  
21 nual amount of loans under this section a grad-  
22 uate or professional student may borrow in any  
23 academic year (as defined in section 481(a)(2))  
24 or its equivalent shall be the amount deter-  
25 mined under paragraph (1), plus—

1                   “(i) in the case of such a student who  
2                   is a graduate or professional student at-  
3                   tending an eligible institution, \$12,000;  
4                   and

5                   “(ii) in the case of a graduate student  
6                   enrolled in coursework specified in sections  
7                   484(b)(3)(B) and 484(b)(4)(B), \$7,000;  
8                   except in cases where the Secretary determines  
9                   that a higher amount is warranted in order to  
10                  carry out the purpose of this part with respect  
11                  to students engaged in specialized training re-  
12                  quiring exceptionally high costs of education,  
13                  but the annual insurable limit per student shall  
14                  not be deemed to be exceeded by a line of credit  
15                  under which actual payments by the lender to  
16                  the borrower will not be made in any years in  
17                  excess of the annual limit.

18                  “(B) AGGREGATE LIMIT.—The maximum  
19                  aggregate amount of loans under this section a  
20                  student described in subparagraph (A) may  
21                  borrow shall be the amount described in para-  
22                  graph (1), adjusted to reflect the increased an-  
23                  nual limits described in subparagraph (A), as  
24                  prescribed by the Secretary by regulation.

1           “(3) LIMITS FOR UNDERGRADUATE DEPEND-  
2           ENT STUDENTS.—

3                   “(A) ANNUAL LIMITS.—The maximum an-  
4                   nual amount of loans under this section an un-  
5                   dergraduate dependent student (except an un-  
6                   dergraduate dependent student whose parents  
7                   are unable to borrow under section 428B or the  
8                   Federal Direct PLUS Loan Program) may bor-  
9                   row in any academic year (as defined in section  
10                  481(a)(2)) or its equivalent shall be the sum of  
11                  the amount determined under paragraph (1),  
12                  plus \$2,000.

13                  “(B) AGGREGATE LIMITS.—The maximum  
14                  aggregate amount of loans under this section a  
15                  student described in subparagraph (A) may  
16                  borrow shall be \$31,000.

17           “(4) LIMITS FOR UNDERGRADUATE INDE-  
18           PENDENT STUDENTS.—

19                   “(A) ANNUAL LIMITS.—The maximum an-  
20                   nual amount of loans under this section an un-  
21                   dergraduate independent student, or an under-  
22                   graduate dependent student whose parents are  
23                   unable to borrow under section 428B or the  
24                   Federal Direct PLUS Loan Program, may bor-  
25                   row in any academic year (as defined in section

1 481(a)(2)) or its equivalent shall be the sum of  
2 the amount determined under paragraph (1),  
3 plus—

4 “(i) in the case of such a student at-  
5 tending an eligible institution who has not  
6 completed such student’s first 2 years of  
7 undergraduate study—

8 “(I) \$6,000, if such student is  
9 enrolled in a program whose length is  
10 at least one academic year in length;  
11 or

12 “(II) if such student is enrolled  
13 in a program of undergraduate edu-  
14 cation which is less than one academic  
15 year, the maximum annual loan  
16 amount that such student may receive  
17 may not exceed the amount that bears  
18 the same ratio to the amount specified  
19 in subclause (I) as the length of such  
20 program measured in semester, tri-  
21 mester, quarter, or clock hours bears  
22 to one academic year;

23 “(ii) in the case of such a student at  
24 an eligible institution who has successfully  
25 completed such first and second years but

1 has not successfully completed the remain-  
2 der of a program of undergraduate edu-  
3 cation—

4 “(I) \$7,000; or

5 “(II) if such student is enrolled  
6 in a program of undergraduate edu-  
7 cation, the remainder of which is less  
8 than one academic year, the maximum  
9 annual loan amount that such student  
10 may receive may not exceed the  
11 amount that bears the same ratio to  
12 the amount specified in subclause (I)  
13 as such remainder measured in semes-  
14 ter, trimester, quarter, or clock hours  
15 bears to one academic year; and

16 “(iii) in the case of such a student en-  
17 rolled in coursework specified in sections  
18 484(b)(3)(B) and 484(b)(4)(B), \$6,000 for  
19 coursework necessary for enrollment in an  
20 undergraduate degree or certificate pro-  
21 gram.

22 “(B) AGGREGATE LIMITS.—The maximum  
23 aggregate amount of loans under this section a  
24 student described in subparagraph (A) may  
25 borrow shall be \$57,500.

1           “(5) CAPITALIZED INTEREST.—Interest capital-  
2           ized shall not be deemed to exceed a maximum ag-  
3           gregate amount determined under subparagraph (B)  
4           of paragraph (2), (3), or (4).”.

5           (b) STUDENT ELIGIBILITY.—Loan limit increases  
6           authorized by the amendments made by this section shall  
7           be available only to students who meet the requirements  
8           of section 484(a) of the Higher Education Act of 1965  
9           (20 U.S.C. 1091(a)).

10          (c) EFFECTIVE DATE.—The amendments made by  
11          this section shall be effective for loans issued on or after  
12          July 1, 2008.

13          **SEC. 3. GRACE PERIOD FOR PARENT PLUS LOANS.**

14          (a) AMENDMENT.—Section 428B(d) of the Higher  
15          Education Act of 1965 (20 U.S.C. 1078–2(d)) is amended  
16          by amending paragraphs (1) and (2) to read as follows:

17                  “(1) COMMENCEMENT OF REPAYMENT.—Re-  
18                  payment of principal on loans made under this sec-  
19                  tion shall—

20                          “(A) commence not later than—

21                                  “(i) 60 days after the date such loan  
22                                  is disbursed by the lender, except as pro-  
23                                  vided in clause (ii); and

24                                  “(ii) if agreed upon by a parent bor-  
25                                  rower, the day after 6 months after the

1           date the student for whom the loan is bor-  
2           rowed ceases to carry at least one-half the  
3           normal full-time academic workload (as de-  
4           termined by the institution); and

5           “(B) be subject to deferral during any pe-  
6           riod during which the graduate or professional  
7           student or the parent meets the conditions re-  
8           quired for a deferral under section 427(a)(2)(C)  
9           or 428(b)(1)(M).

10          “(2) CAPITALIZATION OF INTEREST.—

11                 “(A) IN GENERAL.—Interest on loans  
12                 made under this section—

13                         “(i) which accrues prior to the begin-  
14                         ning of repayment under paragraph  
15                         (1)(A)(i), shall be added to the principal  
16                         amount of the loan; and

17                         “(ii) which accrues prior to the begin-  
18                         ning of repayment under paragraph  
19                         (1)(A)(ii) or during a period in which pay-  
20                         ments of principal are deferred pursuant to  
21                         paragraph (1)(B) shall, if agreed upon by  
22                         the borrower and the lender—

23                                 “(I) be paid monthly or quar-  
24                                 terly; or



1                   “(II) be added to the principal  
2                   amount of the loan not more fre-  
3                   quently than quarterly by the lender.

4                   “(B) INSURABLE LIMITS.—Capitalization  
5                   of interest under this paragraph shall not be  
6                   deemed to exceed the annual insurable limit on  
7                   account of the borrower.”.

8           (b)           CONFORMING           AMENDMENT.—Section  
9   428(b)(7)(C) of such Act (20 U.S.C. 1078(b)(7)(C)) is  
10 amended by striking “, 428B,”.

11           (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall be effective for loans issued on or after  
13 July 1, 2008.

14 **SEC. 4. SPECIAL RULES FOR PLUS LOANS.**

15           Section 428B(a)(3) of the Higher Education Act of  
16 1965 (20 U.S.C. 1078–2(a)(3)) is amended to read as fol-  
17 lows:

18                   “(3) SPECIAL RULES.—

19                   “(A) PARENT BORROWERS.—Whenever  
20                   necessary to carry out the provisions of this  
21                   section, the terms ‘student’ and ‘borrower’ as  
22                   used in this part shall include a parent bor-  
23                   rower under this section.

24                   “(B)(i) EXTENUATING CIRCUMSTANCES.—

25                   For loans made on or after July 1, 2008, and

1 before July 1, 2009, a lender may determine  
2 that extenuating circumstances exist under the  
3 regulations promulgated pursuant to paragraph  
4 (1)(A) if an applicant for a loan under this sec-  
5 tion is delinquent for 180 days or less on their  
6 home mortgage payments and is not more than  
7 89 days delinquent on the repayment of any  
8 other debt.

9 “(ii) MASTER CALENDAR INAPPLICABLE.—

10 Section 482 shall not apply to determinations  
11 made under clause (i).”.

12 **SEC. 5. LENDER-OF-LAST-RESORT.**

13 (a) IN GENERAL.—Section 428(j) of the Higher Edu-  
14 cation Act of 1965 (20 U.S.C. 1078(j)) is amended—

15 (1) in the first sentence of paragraph (1), by  
16 striking “students eligible to receive interest benefits  
17 paid on their behalf under subsection (a) of this sec-  
18 tion who are otherwise unable to obtain loans under  
19 this part” and inserting “eligible students and par-  
20 ents who are otherwise unable to obtain loans under  
21 this part (except for consolidation loans under sec-  
22 tion 428C) or who attend an institution of higher  
23 education in the State that is designated under  
24 paragraph (4)”;

1           (2) in paragraph (2)(B), by inserting “, in the  
2 case of students and parents applying for loans  
3 under this subsection because of an inability to oth-  
4 erwise obtain loans under this part (except for con-  
5 solidation loans under section 428C),” after “lender,  
6 nor”;

7           (3) in paragraph (3)(C)—

8           (A) in the first sentence, by inserting “or  
9 designates an institution of higher education for  
10 participation in the program under this sub-  
11 section under paragraph (4)” after “under this  
12 part”; and

13           (B) in the third sentence, by inserting “or  
14 to eligible borrowers who attend an institution  
15 in the State that is designated under paragraph  
16 (4)” after “problems”; and

17           (4) by adding at the end the following:

18           “(4) INSTITUTION-WIDE STUDENT QUALIFICA-  
19 TION.—Upon the request of an institution of higher  
20 education and pursuant to standards developed by  
21 the Secretary, the Secretary shall designate such in-  
22 stitution for participation in the lender-of-last-resort  
23 program under this paragraph. If the Secretary des-  
24 ignates an institution under this paragraph, the  
25 guaranty agency designated for the State in which

1 the institution is located shall make loans, in the  
2 same manner as such loans are made under para-  
3 graph (1), to students and parent borrowers of the  
4 designated institution, regardless of whether the stu-  
5 dents or parent borrowers are otherwise unable to  
6 obtain loans under this part (other than a consolida-  
7 tion loan under section 428C).

8 “(5) STANDARDS DEVELOPED BY THE SEC-  
9 RETARY.—In developing standards with respect to  
10 paragraph (4), the Secretary may require—

11 “(A) an institution of higher education to  
12 demonstrate that, despite due diligence on the  
13 part of the institution, the institution has been  
14 unable to secure the commitment of lenders  
15 willing to make loans to a significant number of  
16 students attending the institution;

17 “(B) that, prior to making a request under  
18 such paragraph for designation for participation  
19 in the lender-of-last-resort program, an institu-  
20 tion of higher education shall demonstrate that  
21 the institution has met a minimum threshold,  
22 as determined by the Secretary, for the number  
23 or percentage of students at such institution  
24 who have received rejections from eligible lend-  
25 ers for loans under this part; and

1           “(C) any other standards and guidelines  
2           the Secretary determines to be appropriate.”.

3           (b) EFFECTIVE DATE.—The amendments made by  
4 subsection (a) shall take effect on the date of enactment  
5 of this Act.

6           (c) REVIEW OF INDUCEMENTS LIMITATIONS.—With-  
7 in 90 days after the date of enactment of this Act, the  
8 Secretary of Education shall review, and as necessary re-  
9 vise, the Department of Education’s regulations con-  
10 cerning prohibited guaranty agency inducements to eligi-  
11 ble lenders (34 CFR 682.401(e)) to ensure that such  
12 agency’s do not engage in improper inducements in the  
13 expansion of operations of the lender-of-last-resort pro-  
14 gram as authorized by the amendments made by this sec-  
15 tion. The Secretary shall submit a report on the review  
16 and revision required by this subsection to the Committee  
17 on Education and Labor of the House of Representatives  
18 and the Committee on Health, Education, Labor, and  
19 Pensions of the Senate within 180 days after such date  
20 of enactment.

21 **SEC. 6. MANDATORY ADVANCES.**

22           (a) IN GENERAL.—Section 421(b) of the Higher  
23 Education Act of 1965 (20 U.S.C. 1071(b)) is amended—

24           (1) in paragraph (4), by striking “programs,  
25           and” and inserting “programs,”;

1 (2) in paragraph (5), by striking “agencies.”  
2 and inserting “agencies, and”;

3 (3) by adding at the end the following:

4 “(6) there is authorized to be appropriated, and  
5 there are appropriated, out of any money in the  
6 Treasury not otherwise appropriated, such sums as  
7 may be necessary for the purpose of carrying out  
8 section 422(c)(7).”.

9 (b) EFFECTIVE DATE.—The amendments made by  
10 subsection (a) shall take effect on the date of enactment  
11 of this Act.

12 **SEC. 7. TEMPORARY AUTHORITY TO PURCHASE STUDENT**  
13 **LOANS.**

14 (a) SPENDING AUTHORITY.—

15 (1) AUTHORITY GRANTED.—The first sentence  
16 of section 451(a) of the Higher Education Act of  
17 1965 (20 U.S.C. 1087a(a)) is amended—

18 (A) by inserting “(1)” after “as may be  
19 necessary”; and

20 (B) by inserting before the period at the  
21 end of such sentence the following: “; and (2)  
22 for purchasing loans under section 459A”.

23 (2) CONFORMING AMENDMENT.—Section  
24 451(a) of such Act (20 U.S.C. 1087a(a)) is further

1 amended by striking “Such loans shall” and insert-  
2 ing “Loans made under this part shall”.

3 (b) TEMPORARY AUTHORITY.—Part D of title IV of  
4 the Higher Education Act of 1965 (20 U.S.C. 1087a et  
5 seq.) is amended by inserting after section 459 the fol-  
6 lowing new section:

7 **“SEC. 459A. TEMPORARY AUTHORITY TO PURCHASE STU-**  
8 **DENT LOANS.**

9 “(a) AUTHORITY TO PURCHASE.—

10 “(1) AUTHORITY; DETERMINATION RE-  
11 QUIRED.—Upon a determination by the Secretary  
12 that there is an inadequate availability of loan cap-  
13 ital to meet the demand for loans under sections  
14 428, 428B, or 428H, whether as a result of inad-  
15 equate liquidity for such loans or for other reasons,  
16 the Secretary, in consultation with the Secretary of  
17 the Treasury, is authorized to purchase, or enter  
18 into forward commitments to purchase, from any eli-  
19 gible lender, as defined by section 435(d)(1), loans  
20 originated under sections 428, 428B, or 428H on or  
21 after October 1, 2003, on such terms as the Sec-  
22 retary, the Secretary of the Treasury, and the Direc-  
23 tor of the Office of Management and Budget jointly  
24 determine are in the best interest of the United  
25 States, except that any purchase under this section

1 shall not result in any net cost to the Federal Gov-  
2 ernment, as determined jointly by the Secretary, the  
3 Secretary of the Treasury, and the Director of the  
4 Office of Management and Budget.

5 “(2) REGULATIONS REQUIRED.—The Secretary,  
6 the Secretary of the Treasury, and the Director of  
7 the Office of Management and Budget shall jointly  
8 promulgate emergency regulations and publish such  
9 emergency regulations promptly in the Federal Reg-  
10 ister concerning the purchases authorized by para-  
11 graph (1).

12 “(3) METHODOLOGY AND FACTORS; JUSTIFICA-  
13 TION REQUIRED.—Such regulations shall outline the  
14 methodology and factors that the Secretary, the Sec-  
15 retary of the Treasury, and the Director of the Of-  
16 fice of Management and Budget shall consider in  
17 evaluating the price at which to purchase loans  
18 under sections 428, 428B, or 428H, and shall in-  
19 clude a justification of how the use of such method-  
20 ology and consideration of such factors used to de-  
21 termine purchase price will ensure that loan pur-  
22 chases do not result in any net cost to the Federal  
23 Government.

24 “(b) PROCEEDS.—The Secretary shall require, as a  
25 condition of any purchase under subsection (a), that the



1 funds paid by the Secretary to any eligible lender under  
2 this section shall be used: (1) to ensure continued partici-  
3 pation of such lender in the Federal student loan pro-  
4 grams authorized under part B of this title; and (2) to  
5 originate new Federal loans to students, as authorized  
6 under part B of this title.

7       “(c) MAINTAINING SERVICING ARRANGEMENTS.—  
8 The Secretary may, if agreed upon by an eligible lender  
9 selling loans under this section, contract with such lender  
10 for the servicing of the loans purchased, provided that—

11               “(1) the cost of such servicing arrangement  
12 does not exceed the cost the Federal Government  
13 would otherwise incur for the servicing of loans pur-  
14 chased, as determined under subsection (a); and

15               “(2) such servicing arrangement is in the best  
16 interest of the borrowers whose loans are purchased.

17       “(d) EXPIRATION OF AUTHORITY.—The Secretary’s  
18 authority to purchase loans under this section shall expire  
19 on July 1, 2009.”.

20       “(e) CONTRACTING AUTHORITY.—Section 456(b) of  
21 the Higher Education Act of 1965 (20 U.S.C. 1087f(b))  
22 is amended by inserting “or purchased” after “loans  
23 made” each place it appears in paragraphs (2) and (3).

1 **SEC. 8. SENSE OF CONGRESS.**

2 It is a sense of Congress that, at a time when our  
3 economy is fragile and higher education and retraining op-  
4 portunities are more important than ever—

5 (1) the Federal financial institutions, such as  
6 the Federal Financing Bank and Federal Reserve,  
7 and federally chartered private entities such as the  
8 Federal Home Loan Banks and others, should con-  
9 sider, in consultation with the Secretary of Treasury  
10 and the Secretary of Education, using available au-  
11 thorities in a timely manner, if needed, to assist in  
12 ensuring that students and families can access Fed-  
13 eral student loans for academic year 2008–2009,  
14 and if needed in the subsequent academic year, in a  
15 manner that results in no increased costs to tax-  
16 payers; and

17 (2) any action taken as a result of such consid-  
18 eration should in no way limit or delay the Secretary  
19 of Education’s authority to operate the lender-of-  
20 last-resort provisions of section 428(j) of the Higher  
21 Education Act of 1965 (as amended by this Act),  
22 nor the authority to purchase Federal Family Edu-  
23 cation Loan Program loans, as authorized by section  
24 459A of such Act (as added by this Act).

1 **SEC. 9. GAO STUDY ON IMPACT OF INCREASED LOAN LIM-**  
2 **ITS.**

3 (a) **STUDY REQUIRED.**—The Comptroller General  
4 shall conduct a study to evaluate the impact of the in-  
5 crease in Federal loan limits provided for in section 2 of  
6 this Act and section 8005 of the Deficit Reduction Act  
7 of 2005 with respect to the impact on—

8 (1) tuition, fees, and room and board at institu-  
9 tions of higher education; and

10 (2) private loan borrowing by students and par-  
11 ents for attendance at institutions of higher edu-  
12 cation.

13 (b) **STUDY COMPONENTS.**—The study required under  
14 subsection (a) shall be conducted for each major sector  
15 of institutions of higher education over a 5-year time pe-  
16 riod. The report shall specifically analyze the following:

17 (1) Whether, on average, tuition, fees, and  
18 room and board increase, decrease, or remain un-  
19 changed in each such sector after the increases in  
20 Federal loan limits take effect.

21 (2) Whether the amount of private educational  
22 loans taken out by students (and their parents) at  
23 institutions in each such sector to pay tuition, fees,  
24 and room and board increase, decrease, or remain  
25 unchanged.

1           (c) REPORT.—Not later than one year after the date  
2 of enactment of this Act, the Comptroller General shall  
3 provide an interim report to the Committee on Education  
4 and Labor of the House of Representatives and the Com-  
5 mittee on Health, Education, Labor, and Pensions of the  
6 Senate including the initial results of the study conducted  
7 under this section. The Comptroller General shall follow  
8 up with such Committees after the third year and the fifth  
9 year after such date of enactment.

Passed the House of Representatives April 17, 2008.

Attest:

*Clerk.*



110<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5715

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## AN ACT

To ensure continued availability of access to the Federal student loan program for students and families.