H. R. 6374

To amend the Higher Education Act of 1965 to provide for the refinancing of certain private education loans for physicians practicing primary care medicine.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2010

Mr. PAYNE introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To amend the Higher Education Act of 1965 to provide for the refinancing of certain private education loans for physicians practicing primary care medicine.

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

SECTION 1. PRIVATE EDUCATION LOAN REFINANCING.

Title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) is amended by adding at the end the following:
“PART J—PRIVATE EDUCATION LOAN REFINANCING

SEC. 499A. PRIVATE EDUCATION LOAN REFINANCING FOR PHYSICIANS.

“(a) IN GENERAL.—

“(1) AUTHORITY.—The Secretary shall carry out a Physician Private Education Loan Refinancing Program in accordance with this section.

“(2) AVAILABILITY OF FUNDS.—There are hereby made available, in accordance with the provisions of this section, such sums as may be necessary to make loans under this section through refinancing private education loans to all individuals eligible to receive refinancing under this section.

“(3) PRIVATE EDUCATION LOAN.—In this section, the term ‘private education loan’ has the meaning given the term ‘qualified education loan’ in section 221 of the Internal Revenue Code, but does not include any loan made under this title or under the Public Health Service Act.

“(b) ELIGIBLE BORROWER.—An individual shall be eligible to receive private education loan refinancing under this section if the individual meets the following requirements:

“(1) The individual is participating in a residency program, approved by the Accreditation Coun-
cil for Graduate Medical Education or the American Osteopathic Association, at a hospital in one of the following specialties:

“(A) Family medicine.
“(B) Obstetrics/gynecology.
“(C) General internal medicine.
“(D) Gerontology.
“(E) General pediatrics.
“(F) General psychiatry.

“(2) The individual is not enrolled, on a half-time or more basis, in an eligible institution under this title (as such term is defined in section 435(a)).

“(3) The individual is indebted on at least 1 private education loan for the period of enrollment preceding their residency program.

“(4) The individual is not in default on a loan made, insured, or guaranteed under this title.

“(5) The individual has not previously obtained refinancing under this section.

“(c) REFINANCING UNDER THE PHYSICIAN PRIVATE EDUCATION LOAN REFINANCING PROGRAM.—

“(1) IN GENERAL.—The Secretary shall refinance a private education loan in accordance with this section for an individual who is eligible for private education loan refinancing pursuant to sub-
section (b). Such refinancing loans shall have the
same terms and conditions as a Federal Direct Con-
solidation Loan, except as provided in paragraphs
(4) and (5).

“(2) TYPES OF LOANS ELIGIBLE TO BE REFI-
NANCED.—A private education loan is eligible to be
refinanced under this section if the loan was in-
curred after July 1, 2008.

“(3) LOAN LIMITS.—The maximum amount of
private education loans that may be refinanced by
an individual under this section is an amount equal
to the sum of unpaid principal, accrued interest, and
late charges of all private education loans eligible
under paragraph (2) incurred by such individual.

“(4) INTEREST RATE.—The interest rate for a
private education loan refinanced under this section
shall be 8.25 percent.

“(5) REPAYMENT TERMS.—A loan refinanced
under this section shall have the same repayment
terms, conditions, and benefits as a Federal Direct
Consolidation Loan, except that such loan shall not
be eligible for—

“(A) consolidation with any other loan eli-
gible for loan consolidation under this title;
“(B) income-based repayment terms under this title; or

“(C) any loan forgiveness or cancellation provided under this title or under the Public Health Service Act, except in the case of death or permanent and total disability.

“(6) LOAN APPLICATION AND PROMISSORY NOTE.—The Secretary shall develop and distribute a standard application and promissory note and loan disclosure form for loans refinanced under this section.

“(7) LOAN DISBURSEMENT.—The proceeds of any loan refinanced under this section shall be paid by the Secretary directly to the holder of the private education loan being refinanced for the purpose of discharging or reducing the debt on such private education loan on behalf of the borrower, subject to repayment terms under this section.

“(d) ANNUAL REPORT TO CONGRESS.—The Secretary shall report to Congress annually on the volume and repayment status of private education loans refinanced under this section.”.