

118TH CONGRESS  
2D SESSION

# S. 4926

To establish a new Guaranteed Student Loan Program.

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IN THE SENATE OF THE UNITED STATES

AUGUST 1, 2024

Mr. ROUNDS introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To establish a new Guaranteed Student Loan Program.

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 “Affordable Future  
5 Loan Program Act of 2024”.

6 **SEC. 2. GOVERNMENT GUARANTEED STUDENT LOAN PRO-**  
7 **GRAM.**

8 At the end of title IV of the Higher Education Act  
9 of 1965 (20 U.S.C. 1070 et seq.), add the following:



1                   “(D) the creditworthiness of the borrower  
2                   or applicant.

3           “(b) AUTHORIZATION OF APPROPRIATIONS.—There  
4 are authorized to be appropriated to carry out this part  
5 such sums as may be necessary for the period of fiscal  
6 years 2025 through 2029.

7           “(c) DESIGNATION.—The program established under  
8 this part shall be referred to as the ‘Affordable Future  
9 Loan Program’. Loans made pursuant to this part shall  
10 be known as ‘Affordable Future loans’.

11 **“SEC. 499A-1. PROGRAM AUTHORITY.**

12           “The Secretary shall implement the Affordable Fu-  
13 ture Loan Program, through which the Secretary shall—

14                   “(1) pay an eligible lender 98 percent of the  
15                   amount of principal and interest due on each de-  
16                   faulted eligible loan that is issued under this part by  
17                   an eligible lender;

18                   “(2) reimburse an eligible lender for amounts of  
19                   subsidized interest under this part; and

20                   “(3) ensure that only eligible lenders that issue  
21                   loans in accordance with this part receive the guar-  
22                   antee funds described in paragraph (1) and the re-  
23                   imbursement described in paragraph (2).

1 **“SEC. 499A-2. ELIGIBLE LENDERS AND ELIGIBLE LOANS.**

2 “(a) **ELIGIBLE LENDER.**—For purposes of this part  
3 an eligible lender is an eligible lender as described in sub-  
4 paragraphs (A) through (D), (I), and (K) of section  
5 435(d)(1), except that references to ‘this part’ or ref-  
6 erences to other sections in part B in such subsection shall  
7 be construed to mean this part rather than part B or any  
8 section of part B.

9 “(b) **ELIGIBLE LOAN.**—

10 “(1) **IN GENERAL.**—An eligible loan is a loan  
11 issued under this part on or after the date of enact-  
12 ment of the Affordable Future Loan Program Act of  
13 2024 to an undergraduate student who is otherwise  
14 eligible under section 484, who meets the require-  
15 ments of paragraph (2), and who is enrolled or will  
16 be enrolled at an eligible institution of higher edu-  
17 cation, to enable such student to pursue the stu-  
18 dent’s courses of study at such institution.

19 “(2) **FEDERAL LOANS.**—A student who desires  
20 to apply for a loan under this part and is otherwise  
21 eligible to do so, may not apply for such loan until  
22 the student—

23 “(A) has applied for, and received a deter-  
24 mination notice about, financial assistance  
25 under subpart 1 of part A and part D for the  
26 applicable period of study; or

1           “(B) states that the student elects not to  
2           apply for financial assistance under subpart 1  
3           of part A and part D for the applicable period  
4           of study.

5 **“SEC. 499A-3. AGREEMENTS WITH ELIGIBLE LENDERS.**

6           “(a) PARTICIPATION AGREEMENTS.—An agreement  
7 with an eligible lender for participation in the program  
8 under this part shall—

9           “(1) provide that an eligible lender will offer  
10          the maximum amount of eligible loans under this  
11          part to any undergraduate student for attendance at  
12          an eligible institution of higher education;

13          “(2) provide that the eligible lender accepts re-  
14          sponsibility and financial liability stemming from its  
15          failure to perform its functions pursuant to the  
16          agreement;

17          “(3) provide for the implementation of a quality  
18          assurance system, as established by the Secretary  
19          and developed in consultation with eligible lenders,  
20          to ensure that the eligible lender is complying with  
21          program requirements and meeting program objec-  
22          tives;

23          “(4) provide that an eligible lender will comply  
24          with the requirements of subsection (c);

1           “(5) provide that the funds borrowed by a stu-  
2           dent are disbursed to the institution by check or  
3           other means that is payable to and requires the en-  
4           dorsement or other certification by such student, ex-  
5           cept—

6                   “(A) that nothing in this section shall be  
7           interpreted—

8                           “(i) to allow the Secretary to require  
9                           checks to be made copayable to the institu-  
10                          tion and the borrower; or

11                          “(ii) to prohibit the disbursement of  
12                          loan proceeds by means other than by  
13                          check; and

14                          “(B) in the case of any student who is  
15                          studying outside the United States in a pro-  
16                          gram of study abroad that is approved for cred-  
17                          it by the home institution at which such student  
18                          is enrolled, the funds shall, at the request of the  
19                          borrower, be delivered directly to the student  
20                          and the checks may be endorsed, and fund  
21                          transfers authorized, pursuant to an authorized  
22                          power-of-attorney;

23           “(6) provide that funds will be disbursed in a  
24           manner that ensures that any Federal Pell Grant  
25           funds, any Federal Direct Loan funds, and any

1 State or institutional grant or scholarship funds  
2 awarded to the borrower are disbursed prior to dis-  
3 bursement of any funds from a loan under this part;  
4 and

5 “(7) provide that the funds borrowed by a stu-  
6 dent are otherwise disbursed in accordance with sec-  
7 tion 428G.

8 “(b) WITHDRAWAL AND TERMINATION PROCE-  
9 DURES.—The Secretary shall establish procedures by  
10 which eligible lenders may withdraw or be terminated from  
11 the program under this part.

12 “(c) SUBMISSION OF STATEMENTS BY HOLDERS ON  
13 AMOUNT OF PAYMENT.—Each holder of an eligible loan  
14 under this part, with respect to which payments of interest  
15 are required to be made by the Secretary, shall submit  
16 to the Secretary, at such time or times and in such man-  
17 ner as the Secretary may prescribe, statements containing  
18 such information as may be required by or pursuant to  
19 regulation for the purpose of enabling the Secretary to de-  
20 termine the amount of the payment which the Secretary  
21 must make with respect to that loan.

22 **“SEC. 499A-4. PAYMENT OF LOAN GUARANTEE FOR DE-**  
23 **FAULTED LOANS.**

24 “(a) NOTICE TO SECRETARY AND PAYMENT OF  
25 LOSS.—Upon default by the student borrower on any eli-

1 gible loan under this part, and prior to the commencement  
2 of suit or other enforcement proceedings upon security for  
3 that loan, the insurance beneficiary shall promptly notify  
4 the Secretary, and the Secretary shall if requested (at that  
5 time or after further collection efforts) by the beneficiary,  
6 or may on the Secretary's own motion, if the insurance  
7 is still in effect, pay to the beneficiary 96 percent of the  
8 amount of the loss sustained by the insured upon that loan  
9 as soon as that amount has been determined.

10       “(b) AMOUNT OF LOSS.—The ‘amount of the loss’  
11 on any loan shall, for the purposes of this subsection and  
12 subsection (e), be deemed to be an amount equal to the  
13 unpaid balance of the principal amount and accrued inter-  
14 est, including interest accruing from the date of submis-  
15 sion of a valid default claim (as determined by the Sec-  
16 retary) to the date on which payment is authorized by the  
17 Secretary, except that such amount may be reduced based  
18 on default rate in a manner similar to the reductions de-  
19 scribed in section 425(b).

20       “(c) DUE DILIGENCE.—Such beneficiary shall be re-  
21 quired to meet the standards of due diligence in the collec-  
22 tion of the loan and shall be required to submit proof that  
23 the institution was contacted and other reasonable at-  
24 tempts were made to locate the borrower (when the loca-



1 tion of the borrower is unknown) and proof that contact  
2 was made with the borrower (when the location is known).

3 “(d) TIMING OF DETERMINATION.—The Secretary  
4 shall make the determination required to carry out the  
5 provisions of this section not later than 90 days after the  
6 notification by the insurance beneficiary and shall make  
7 payment in full on the amount of the beneficiary’s loss  
8 pending completion of the due diligence investigation.

9 “(e) EFFECT OF PAYMENT OF LOSS.—Upon pay-  
10 ment of the amount of the loss pursuant to subsection (a),  
11 the United States shall be subrogated for all of the rights  
12 of the holder of the obligation upon the insured loan and  
13 shall be entitled to an assignment of the note or other  
14 evidence of the insured loan by the insurance beneficiary.  
15 The Secretary may, in attempting to make recovery on  
16 such loans, contract with private business concerns, State  
17 student loan insurance agencies, or State guaranty agen-  
18 cies, for payment for services rendered by such concerns  
19 or agencies in assisting the Secretary in making such re-  
20 covery. Any contract under this subsection entered into  
21 by the Secretary shall provide that attempts to make re-  
22 covery on such loans shall be fair and reasonable, and do  
23 not involve harassment, intimidation, false or misleading  
24 representations, or unnecessary communications con-

1 cerning the existence of any such loan to persons other  
2 than the student borrower.

3       “(f) FORBEARANCE NOT PRECLUDED.—Nothing in  
4 this section or in this part shall be construed to preclude  
5 any forbearance for the benefit of the student borrower  
6 which may be agreed upon by the parties to the insured  
7 loan and approved by the Secretary, or to preclude for-  
8 bearance by the Secretary in the enforcement of the in-  
9 sured obligation after payment on that insurance. Any for-  
10 bearance which is approved by the Secretary under this  
11 subsection with respect to the repayment of a loan, includ-  
12 ing a forbearance during default, shall not be considered  
13 as indicating that a holder of a federally insured loan has  
14 failed to exercise reasonable care and due diligence in the  
15 collection of the loan.

16       “(g) CARE AND DILIGENCE REQUIRED OF HOLD-  
17 ERS.—Nothing in this section or in this part shall be con-  
18 strued to excuse the holder of a federally insured loan  
19 from exercising reasonable care and diligence in the mak-  
20 ing and collection of loans under the provisions of this  
21 part. If the Secretary, after a reasonable notice and oppor-  
22 tunity for hearing to an eligible lender, finds that it has  
23 substantially failed to exercise such care and diligence or  
24 to make the reports and statements required under section  
25 499A–3(e), the Secretary shall disqualify that lender for

1 further Federal insurance on loans granted pursuant to  
2 this part until the Secretary is satisfied that its failure  
3 has ceased and finds that there is reasonable assurance  
4 that the lender will in the future exercise necessary care  
5 and diligence or comply with such requirements, as the  
6 case may be.

7       “(h) **REPORTS TO CONSUMER REPORTING AGENCIES**  
8 **AND INSTITUTIONS OF HIGHER EDUCATION.**—For the  
9 purpose of promoting responsible repayment of loans  
10 under this part, the Secretary and each eligible lender and  
11 subsequent holder shall enter into an agreement with each  
12 consumer reporting agency to exchange information con-  
13 cerning student borrowers in the same manner as such  
14 agreements are made under section 430A.

15 **“SEC. 499A-5. PURCHASE OF LOANS SOLD IN SECONDARY**  
16 **MARKET.**

17       “(a) **IN GENERAL.**—Loans under this part may be  
18 sold in the secondary market to another eligible lender.

19       “(b) **SERVICING AND LIQUIDATION.**—When an eligi-  
20 ble lender has sold the guaranteed portion of a loan in  
21 the secondary market, the loan holder must perform all  
22 necessary servicing and liquidation actions for such loan.

23       “(c) **STATUS REPORT.**—In the event that the Sec-  
24 retary purchases its guaranteed portion of such a loan  
25 from the holder of the loan, the loan holder shall provide

1 the Secretary with a loan status report within 15 business  
2 days of such purchase. This report shall include a status  
3 report on the borrower and plans for any type of loan  
4 workout or loan restructuring. The report shall accompany  
5 requested documentation that the Secretary determines is  
6 sufficient to be able to review the loan holder's administra-  
7 tion of the loan. Failure to provide requested documenta-  
8 tion to the Secretary may lead to initiation of an action  
9 for recovery from the loan holder of all or some of the  
10 amounts the Secretary paid to the holder of the loan on  
11 a guarantee.

12 “(d) FURTHER EVALUATION.—The Secretary shall  
13 evaluate the eligible lender's continued participation in the  
14 secondary market and may restrict further sale of guaran-  
15 teed portions into the secondary market until the Sec-  
16 retary determines that the eligible lender has provided suf-  
17 ficient documentation for purchases.

18 **“SEC. 499A-6. DEFAULT REDUCTION PROGRAM.**

19 “(a) OTHER REPAYMENT INCENTIVES.—

20 “(1) SALE OR ASSIGNMENT OF LOAN.—

21 “(A) IN GENERAL.—The Secretary, upon  
22 securing 9 payments made within 20 days of  
23 the due date during 10 consecutive months of  
24 amounts owed on a loan for which the Sec-  
25 retary has made a payment under this section,

1 shall, if practicable, sell the loan to another eli-  
2 gible lender.

3 “(B) MONTHLY PAYMENTS.—The Sec-  
4 retary shall not demand from a borrower as  
5 monthly payment amounts described in sub-  
6 paragraph (A) more than is reasonable and af-  
7 fordable based on the borrower’s total financial  
8 circumstances, except such monthly payment  
9 amount shall not be less than \$5.

10 “(C) CONSUMER REPORTING AGENCIES.—  
11 Upon the sale or assignment of the loan, the  
12 Secretary shall request any consumer reporting  
13 agency to which the Secretary or holder, as ap-  
14 plicable, reported the default of the loan, to re-  
15 move the record of the default from the bor-  
16 rower’s credit history.

17 “(D) ELIGIBLE LENDER LIMITATION.—A  
18 loan shall not be sold to an eligible lender under  
19 subparagraph (A) if such lender has been found  
20 by the Secretary to have substantially failed to  
21 exercise the due diligence required of lenders  
22 under this part.

23 “(E) DEFAULT DUE TO ERROR.—A loan  
24 that does not meet the requirements of sub-  
25 paragraph (A) may also be eligible for sale or

1 assignment under this paragraph upon a deter-  
2 mination that the loan was in default due to  
3 clerical or data processing error and would not,  
4 in the absence of such error, be in a delinquent  
5 status.

6 “(2) BORROWER ELIGIBILITY.—Any borrower  
7 whose loan is sold under paragraph (1)(A) shall not  
8 be precluded by section 484 from receiving addi-  
9 tional loans or grants under this title (for which he  
10 or she is otherwise eligible) on the basis of default-  
11 ing on the loan prior to such loan sale.

12 “(3) APPLICABILITY OF GENERAL LOAN CONDI-  
13 TIONS.—A loan that is sold under paragraph (1)(A)  
14 shall, so long as the borrower continues to make  
15 scheduled repayments thereon, be subject to the  
16 same terms and conditions and qualify for the same  
17 benefits and privileges as other loans made under  
18 this part.

19 “(4) LIMITATION.—A borrower may obtain the  
20 benefits available under this subsection with respect  
21 to rehabilitating a loan (whether by loan sale or as-  
22 signment) not more than 2 times per loan.

23 “(b) SATISFACTORY REPAYMENT ARRANGEMENTS  
24 TO RENEW ELIGIBILITY.—The Secretary shall establish  
25 a program which allows a borrower with a defaulted loan

1 or loans to renew eligibility for all title IV student finan-  
2 cial assistance (regardless of whether the defaulted loan  
3 has been sold to an eligible lender or assigned to the Sec-  
4 retary) upon the borrower's payment of 6 consecutive  
5 monthly payments. The loan holder shall not demand from  
6 a borrower as a monthly payment amount under this sub-  
7 section more than is reasonable and affordable based upon  
8 the borrower's total financial circumstances. A borrower  
9 may only obtain the benefit of this subsection with respect  
10 to renewed eligibility once.

11       “(c) FINANCIAL AND ECONOMIC LITERACY.—Each  
12 program described in subsection (b) shall include making  
13 available financial and economic education materials for  
14 a borrower who has rehabilitated a loan.

15 **“SEC. 499A-7. TERMS AND CONDITIONS OF LOANS.**

16       “(a) ELIGIBILITY; MAXIMUM AID.—

17               “(1) ELIGIBILITY.—A student's amount of need  
18 for a loan under this part shall be based solely on  
19 the student's estimated cost of attendance and esti-  
20 mated financial assistance, including other assist-  
21 ance through a Federal Pell Grant or a Federal Di-  
22 rect Loan under this title or any State or institu-  
23 tional grant or scholarship funds awarded to the stu-  
24 dent. An expected family contribution or student aid  
25 index shall not be considered.

1           “(2) MAXIMUM AID.—

2                   “(A) IN GENERAL.—Subject to subpara-  
3 graph (B), the maximum dollar amount of fi-  
4 nancial assistance provided annually under this  
5 part to a student shall not exceed an amount  
6 equal to—

7                           “(i) the cost of attendance for such  
8 student; minus

9                           “(ii) the total amount of—

10                                   “(I) other financial assistance  
11 not received under this title (as de-  
12 fined in section 480(i)); and

13                                   “(II) other financial assistance  
14 received under this title, including a  
15 Federal Pell Grant or a Federal Di-  
16 rect Loan.

17                   “(B) LIMITATION.—A loan under this part  
18 shall not exceed an amount equal to—

19                           “(i) \$19,000 adjusted annually ac-  
20 cording to the estimated percentage change  
21 in the Consumer Price Index (as deter-  
22 mined by the Secretary, using the defini-  
23 tion in section 478(f)) for the most recent  
24 calendar year ending prior to the beginning  
25 of that award year; minus



1                   “(ii) the amount described in sub-  
2                   clause (II) of subparagraph (A)(ii).

3                   “(b) INTEREST RATE.—

4                   “(1) RATES FOR BORROWERS NOT IN REPAY-  
5                   MENT STATUS.—In the case of a borrower who is  
6                   not in repayment status, for an Affordable Future  
7                   Loan for which the first disbursement is made on or  
8                   after July 1, 2025, the applicable rate of interest  
9                   shall, during any 12-month period beginning on July  
10                  1 and ending on June 30, be determined on the pre-  
11                  ceding June 1 and be equal to the lesser of—

12                  “(A) a rate equal to the high yield of the  
13                  10-year Treasury note auctioned at the final  
14                  auction held prior to such June 1 plus 1 per-  
15                  cent; or

16                  “(B) 6.28 percent.

17                  “(2) RATES FOR BORROWERS IN REPAYMENT  
18                  STATUS.—In the case of a borrower who is in repay-  
19                  ment status, for an Affordable Future Loan for  
20                  which the first disbursement is made on or after  
21                  July 1, 2025, the applicable rate of interest shall,  
22                  during any 12-month period beginning on July 1  
23                  and ending on June 30, be determined on the pre-  
24                  ceding June 1 and be equal to the lesser of—

1           “(A) a rate equal to the high yield of the  
2           10-year Treasury note auctioned at the final  
3           auction held prior to such June 1 plus 2 per-  
4           cent; or

5           “(B) 6.28 percent.

6           “(3) PUBLICATION.—The Secretary shall deter-  
7           mine the applicable rates of interest under this sub-  
8           section after consultation with the Secretary of the  
9           Treasury and shall publish such rate in the Federal  
10          Register as soon as practicable after the date of de-  
11          termination, but before June 1 preceding the award  
12          year.

13          “(4) SUBSIDIZED INTEREST.—The amount of  
14          interest for a loan under this part shall be paid by  
15          the Secretary to the eligible lender on behalf of the  
16          borrower only during the period of time that the  
17          borrower is not in repayment status.

18          “(5) NOT IN REPAYMENT STATUS.—In this sec-  
19          tion the term ‘not in repayment status’ means any  
20          period of time described in subparagraphs (A), (C),  
21          or (D) of subsection (e)(2).

22          “(c) LOAN FEE.—Each eligible lender under this  
23          part may charge the borrower an origination fee in an  
24          amount not to exceed 1.0 percent of the principal amount  
25          of the loan, to be deducted proportionately from each in-

1 installment payment of the proceeds of the loan prior to pay-  
 2 ment to the borrower. A lender that charges an origination  
 3 fee under this paragraph shall assess the same fee to all  
 4 student borrowers.

5 “(d) REPAYMENT PLANS.—

6 “(1) DESIGN AND SELECTION.—Consistent with  
 7 criteria established by the Secretary, a borrower of  
 8 a loan made under this part shall be offered 2 re-  
 9 payment plans for such loan. The borrower shall be  
 10 entitled to accelerate, without penalty, repayment on  
 11 the borrower’s loans under this part. The borrower  
 12 may choose—

13 “(A) a 15-year fixed installment repayment  
 14 plan; or

15 “(B) the income driven repayment plan de-  
 16 scribed in paragraph (2).

17 “(2) INCOME DRIVEN REPAYMENT PLAN.—

18 “(A) IN GENERAL.—Under the income-  
 19 driven repayment plan under this subsection the  
 20 borrower’s aggregate monthly payment for  
 21 loans under this part shall be equal to the in-  
 22 come-driven calculation, divided by 12.

23 “(B) DISCRETIONARY INCOME.—The term  
 24 ‘discretionary income’ means the amount by  
 25 which a borrower’s (and the borrower’s spouse,

1 if applicable) annual adjusted gross income ex-  
2 ceeds 150 percent of the poverty line applicable  
3 to the borrower's family size.

4 “(C) DISCRETIONARY INCOME BEND  
5 POINT.—The term ‘discretionary income bend  
6 point’ means \$25,000, adjusted annually for in-  
7 flation as determined by the Consumer Price  
8 Index (as such term is defined in section  
9 478(f)) for the previous calendar year.

10 “(D) INCOME-DRIVEN CALCULATION.—

11 “(i) IN GENERAL.—The term ‘income-  
12 driven calculation’, when used with respect  
13 to a borrower, means the annual amount  
14 due on the total amount of loans under  
15 this part, which annual amount is equiva-  
16 lent to—

17 “(I) 10 percent of the borrower’s  
18 discretionary income that is less than  
19 the discretionary income bend point,  
20 plus

21 “(II) 15 percent of the bor-  
22 rower’s discretionary income that is  
23 equal to or greater than the discre-  
24 tionary income bend point.

1                   “(ii) ANNUAL CALCULATION.—The  
2                   calculation under clause (i) shall be deter-  
3                   mined on an annual basis for the duration  
4                   of the repayment period.

5                   “(3) SELECTION BY LENDER.—If a borrower of  
6                   a loan made under this part does not select a repay-  
7                   ment plan described in paragraph (1), the eligible  
8                   lender shall provide the borrower with a repayment  
9                   plan described in subparagraph (A) of paragraph  
10                  (1).

11                  “(4) CHANGES IN SELECTIONS.—The borrower  
12                  of a loan made under this part may change the bor-  
13                  rower’s selection of a repayment plan under para-  
14                  graph (1), or the eligible lender’s selection of the  
15                  plan for the borrower under paragraph (3), as the  
16                  case may be, without penalty or subject to additional  
17                  fees, except that such borrower shall remain in a se-  
18                  lected repayment plan for not less than 6 months.

19                  “(5) ALTERNATIVE REPAYMENT PLANS.—The  
20                  lender may provide, on a case by case basis, an al-  
21                  ternative repayment plan to a borrower of a loan  
22                  made under this part who demonstrates to the satis-  
23                  faction of the lender that the terms and conditions  
24                  of the repayment plans available under paragraph  
25                  (1) are not adequate to accommodate the borrower’s

1 exceptional circumstances. In designing such alter-  
2 native repayment plans, the lender shall ensure that  
3 such plans do not exceed the cost to the Federal  
4 Government, as determined on the basis of the  
5 present value of future payments by such borrowers,  
6 of loans made using the plans available under para-  
7 graph (1).

8 “(6) REPAYMENT AFTER DEFAULT.—

9 “(A) LENDER COSTS.—The eligible lender  
10 may require any borrower who has defaulted on  
11 a loan made under this part to pay all reason-  
12 able collection costs associated with such loan.

13 “(B) PAYMENT TO SECRETARY.—The Sec-  
14 retary may require any borrower who has de-  
15 faulted on a loan made under this part to repay  
16 the loan pursuant to the income driven repay-  
17 ment plan described in paragraph (1)(B).

18 “(e) DEFERMENT.—

19 “(1) IN GENERAL.—A borrower of a loan made  
20 under this part who meets any of the requirements  
21 described in subparagraphs (A) through (D) of para-  
22 graph (2) shall be eligible for a deferment, during  
23 which periodic installments of principal and interest  
24 need not be paid.

1           “(2) ELIGIBILITY.—A borrower of a loan made  
2           under this part shall be eligible for a deferment dur-  
3           ing any period—

4                   “(A) during which the borrower is carrying  
5                   at least a normal full-time work load for the  
6                   course of study that the borrower is pursuing,  
7                   as determined by the eligible institution (as  
8                   such term is defined in section 435(a)) the bor-  
9                   rower is attending; or

10                   “(B) for 6 months following the date on  
11                   which the borrower ceases to carry the normal  
12                   full-time work load as described in subpara-  
13                   graph (A);

14                   “(C) during which the borrower—

15                           “(i) is serving on active duty during a  
16                           war or other military operation or national  
17                           emergency; or

18                           “(ii) is performing qualifying National  
19                           Guard duty during a war or other military  
20                           operation or national emergency,

21                   and for the 180-day period following the demo-  
22                   bilization date for the service described in  
23                   clause (i) or (ii); or

24                   “(D) during—

1                   “(i) any period in which such bor-  
2                   rower is receiving treatment for cancer;  
3                   and

4                   “(ii) the 6 months after such period.

5                   “(3) INTEREST ACCRUAL.—During periods de-  
6                   scribed in subparagraphs (A), (C), and (D) of para-  
7                   graph (2) interest shall be subsidized in accordance  
8                   with subsection (b)(4).

9                   “(f) LOAN APPLICATION AND PROMISSORY NOTE.—  
10                  The common financial reporting form required in section  
11                  483(a)(1) shall constitute the application for loans made  
12                  under this part. The Secretary shall develop, print, and  
13                  distribute to participating eligible lenders a standard  
14                  promissory note and loan disclosure form.

15                  “(g) LOAN DISBURSEMENT.—Loans shall be dis-  
16                  bursed in accordance with section 499A-3.

17                  “(h) DISCLOSURES.—With respect to loans under  
18                  this part and in accordance with such regulations as the  
19                  Secretary shall prescribe, each eligible lender participating  
20                  in this part shall comply with each of the requirements  
21                  under section 433 that apply to a lender with respect to  
22                  a loan under part B.

23                  “(i) ENROLLMENT PERIOD LIMITATIONS.—In order  
24                  to continue to be eligible for a loan under this part, a bor-  
25                  rower shall complete the program of study not more than



1 5 years after the date the borrower first enters the pro-  
2 gram of study.

3 **“SEC. 499A-8. RELATIONSHIP TO OTHER FEDERAL LOANS.**

4 “(a) IN GENERAL.—A borrower may borrow loans  
5 both under part D and under this part for the same period  
6 of study. If a borrower is borrowing loans under both part  
7 D and this part for the same period of study, the eligible  
8 lender shall ensure that the Secretary has made deter-  
9 minations about the amount of loans awarded under part  
10 D for such period prior to determining the amount of  
11 loans under this part that the borrower is eligible to bor-  
12 row, in accordance with section 499A-2(b).

13 “(b) RULE OF CONSTRUCTION.—Nothing in this Act  
14 shall be construed to require a borrower who borrows  
15 loans under this part to also borrow loans under part D.

16 “(c) PROHIBITION ON COMBINING LOANS.—The Sec-  
17 retary may not combine or otherwise consolidate a loan  
18 made under this part with a loan made under part D, un-  
19 less the borrower of such loans elects to consolidate such  
20 loans.”.

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