

105TH CONGRESS  
1ST SESSION

# H. R. 2535

To amend the Higher Education Act of 1965 to allow the consolidation of student loans under the Federal Family Loan Program and the Direct Loan Program.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 24, 1997

Mr. McKEON (for himself, Mr. GOODLING, Mr. BOEHNER, Mrs. ROUKEMA, Mr. BARRETT of Nebraska, Mr. RIGGS, Mr. GRAHAM, Mr. MCINTOSH, Mr. NORWOOD, Mr. HOEKSTRA, Mr. SAM JOHNSON of Texas, Mr. GREENWOOD, Mr. PETERSON of Pennsylvania, and Mr. UPTON) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To amend the Higher Education Act of 1965 to allow the consolidation of student loans under the Federal Family Loan Program and the Direct 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; REFERENCE.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Emergency Student Loan Consolidation Act of 1997”.

6 (b) REFERENCES.—Except as otherwise expressly  
7 provided, whenever in this Act an amendment or repeal

1 is expressed in terms of an amendment to, or repeal of,  
2 a section or other provision, the reference shall be consid-  
3 ered to be made to a section or other provision of the  
4 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

5 **SEC. 2. LOAN CONSOLIDATION PROVISIONS.**

6 (a) DEFINITION OF LOANS ELIGIBLE FOR CONSOLI-  
7 DATION.—Section 428C(a)(4) (20 U.S.C. 1078–3(a)(4))  
8 is amended—

9 (1) by redesignating subparagraphs (C) and  
10 (D) as subparagraphs (D) and (E), respectively; and

11 (2) by inserting after subparagraph (B) the fol-  
12 lowing new subparagraph:

13 “(C) made under part D of this title, ex-  
14 cept that loans made under such part shall be  
15 eligible student loans for consolidation only dur-  
16 ing the period beginning on the date of enact-  
17 ment of the Emergency Student Loan Consoli-  
18 dation Act of 1997 and ending on October 1,  
19 1998;”.

20 (b) TERMS OF CONSOLIDATION LOANS.—Section  
21 428C(b)(4)(C)(ii) is amended—

22 (1) by inserting “made before the date of enact-  
23 ment of the Emergency Student Loan Consolidation  
24 Act of 1997, or after October 1, 1998,” after “con-  
25 solidation loan” in subclause (I);

1 (2) by striking “or” at the end of subclause (I);

2 (3) by inserting “or (II)” before the semicolon  
3 at the end of subclause (II);

4 (4) by redesignating subclause (II) as subclause  
5 (III); and

6 (5) by inserting after subclause (I) the follow-  
7 ing new subclause:

8 “(II) by the Secretary, in the  
9 case of a consolidation loan made on  
10 or after the date of enactment of the  
11 Emergency Student Loan Consolida-  
12 tion Act of 1997 and before October  
13 1, 1998, except that the Secretary  
14 shall pay such interest only on that  
15 portion of the loan that repays Fed-  
16 eral Stafford Loans for which the stu-  
17 dent borrower received an interest  
18 subsidy under section 428 or Federal  
19 Direct Stafford Loans for which the  
20 borrower received an interest subsidy  
21 under section 455; or”.

22 (c) INTEREST RATE.—Section 428C(c)(1) is amend-  
23 ed by adding at the end the following new subparagraph:

24 “(D) A consolidation loan made on or after the  
25 date of enactment of the Emergency Student Loan

1 Consolidation Act of 1997 and before October 1,  
2 1998, shall bear interest at an annual rate on the  
3 unpaid principal balance of the loan that is equal to  
4 the rate specified in section 427A(f).”.

5 **SEC. 3. ADMINISTRATIVE EXPENSE REDUCTIONS.**

6 Section 458(a)(1) (20 U.S.C. 1087h(a)(1)) is amend-  
7 ed by striking “\$532,000,000” and inserting  
8 “\$507,000,000”.

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