

117TH CONGRESS  
1ST SESSION

# H. R. 3024

To establish a temporary program for the refinancing of certain Federal student loans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2021

Mr. COURTNEY (for himself, Mrs. HAYES, Mr. LARSON of Connecticut, Mr. MORELLE, Ms. NORTON, Mr. PERLMUTTER, Ms. PINGREE, Mr. SIRES, Ms. STRICKLAND, and Ms. WILSON of Florida) introduced the following bill; which was referred to the Committee on Education and Labor

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## A BILL

To establish a temporary program for the refinancing of certain Federal student loans, and for other purposes.

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 “Zero-Percent Student  
5       Loan Refinancing Act”.

1 **SEC. 2. TEMPORARY PROGRAM FOR REFINANCING STU-**  
 2 **DENT LOANS.**

3 (a) PROGRAM AUTHORITY.—Section 451(a) of the  
 4 Higher Education Act of 1965 (20 U.S.C. 1087a(a)) is  
 5 amended—

6 (1) by striking “and (2)” and inserting “(2)”;

7 and

8 (2) by inserting “; and (3) to make loans under  
 9 section 460A” after “section 459A”.

10 (b) REFINANCING PROGRAM.—Part D of title IV of  
 11 the Higher Education Act of 1965 (20 U.S.C. 1087a et  
 12 seq.) is amended by adding at the end the following:

13 **“SEC. 460A. TEMPORARY PROGRAM FOR THE REFINANCING**  
 14 **OF FEDERAL DIRECT LOANS AND OTHER**  
 15 **FEDERAL STUDENT LOANS.**

16 “(a) DEFINITIONS.—In this section:

17 “(1) COVERED NON-PART D LOAN.—The term  
 18 ‘covered non-part D loan’ means a loan—

19 “(A) made, insured, or guaranteed under  
 20 part B and for which the first disbursement  
 21 was made, or the application for the consolida-  
 22 tion loan was received, before July 1, 2010;

23 “(B) made under part E; or

24 “(C) made under—

1 “(i) subpart II of part A of title VII  
2 of the Public Health Service Act (42  
3 U.S.C. 292q et seq.); or

4 “(ii) part E of title VIII of the Public  
5 Health Service Act (42 U.S.C. 297a et  
6 seq.).

7 “(2) COVERED PERIOD.—The term ‘covered pe-  
8 riod’ means the period beginning on August 1, 2021,  
9 and ending at the close of December 31, 2024.

10 “(3) ORIGINAL LOAN.—The term ‘original  
11 loan’, used with respect to a refinanced loan issued  
12 under this section, means a loan for which a bor-  
13 rower’s liability is discharged by such refinanced  
14 loan.

15 “(4) QUALIFIED BORROWER.—The term ‘quali-  
16 fied borrower’ means a borrower of a loan under this  
17 part, or a covered non-part D loan, for which the  
18 first disbursement was made, or the application for  
19 a consolidation loan was received, before January 1,  
20 2025.

21 “(b) IN GENERAL.—Beginning on August 1, 2021,  
22 the Secretary shall carry out a program under which the  
23 Secretary makes interest-free refinancing loans to quali-  
24 fied borrowers in accordance with this section.

25 “(c) REFINANCING DIRECT LOANS.—

1 “(1) FEDERAL DIRECT LOANS.—

2 “(A) IN GENERAL.—Beginning on August  
3 1, 2021, the Secretary shall cancel the obliga-  
4 tion of a qualified borrower to repay a Federal  
5 Direct Stafford Loan, a Federal Direct Unsub-  
6 sidized Stafford Loan, a Federal Direct PLUS  
7 Loan, or a Federal Direct Consolidation Loan  
8 for which the first disbursement was made, or  
9 the application for the consolidation loan was  
10 received, before January 1, 2025, and issue to  
11 such borrower in accordance with this section a  
12 refinanced Federal Direct Stafford Loan, a refi-  
13 nanced Federal Direct Unsubsidized Stafford  
14 Loan, a refinanced Federal Direct PLUS Loan,  
15 or a refinanced Federal Direct Consolidation  
16 Loan, respectively, in an amount equal to the  
17 sum of the unpaid principal, accrued unpaid in-  
18 terest, and late charges of the original loan.

19 “(B) INFORMATION.—The Secretary shall  
20 notify each qualified borrower of a loan refi-  
21 nanced under subparagraph (A) regarding the  
22 refinancing and the benefits the refinancing  
23 provides to the qualified borrower.

24 “(2) REFINANCING COVERED NON-PART D  
25 LOANS AS REFINANCED FEDERAL DIRECT LOANS.—

1       Upon application of a qualified borrower of any cov-  
2       ered non-part D loan, the Secretary shall make a  
3       loan under this part, in an amount equal to the sum  
4       of the unpaid principal, accrued unpaid interest, and  
5       late charges of the original loan to the borrower in  
6       accordance with the following:

7               “(A) The Secretary shall pay the proceeds  
8       of such loan to the holder of the covered non-  
9       part D loan, in order to discharge the borrower  
10      from any remaining obligation with respect to  
11      the original loan.

12              “(B) Any Federal student loan made  
13      under this section the proceeds of which are  
14      used to discharge a loan that was made, in-  
15      sured, or guaranteed—

16                   “(i) under section 428 shall be a Fed-  
17                  eral Direct Stafford Loan;

18                   “(ii) under section 428B shall be a  
19                  Federal Direct PLUS Loan;

20                   “(iii) under section 428H shall be a  
21                  Federal Direct Unsubsidized Stafford  
22                  Loan; and

23                   “(iv) under section 428C shall be a  
24                  Federal Direct Consolidation Loan.

1           “(C) Any Federal student loan made under  
2           this section the proceeds of which are used to  
3           discharge a loan described subparagraph (B) or  
4           (C) of subsection (a)(1) shall be a Federal Di-  
5           rect Consolidation Loan.

6           “(3) APPLICATION DEADLINE.—To be eligible  
7           to receive a refinancing loan under paragraph (2) a  
8           qualified borrower shall submit an application to the  
9           Secretary during the covered period. A borrower who  
10          submits an application after the expiration of the  
11          covered period shall not eligible to receive a refi-  
12          nancing loan under such paragraph.

13          “(d) TERMS AND CONDITIONS OF LOANS.—

14               “(1) IN GENERAL.—A loan made under this  
15               section shall have the same terms and conditions as  
16               the original loan, except as otherwise provided in  
17               this section.

18               “(2) INTEREST RATES.—No interest shall ac-  
19               cruce on a loan that is made under this section.

20               “(3) NO AUTOMATIC EXTENSION OF REPAY-  
21               MENT PERIOD.—A loan made under this section  
22               shall not result in the extension of the duration of  
23               the repayment period of the loan, and the borrower  
24               shall retain the same repayment term that was in ef-  
25               fect on the original loan. Nothing in this paragraph

1 shall be construed to prevent a borrower from elect-  
2 ing a different repayment plan at any time in ac-  
3 cordance with section 455(d)(3).

4 “(4) SPECIAL RULE FOR REFINANCED PERKINS  
5 AND HEALTH LOANS.—Notwithstanding paragraph  
6 (1), in the case of a loan that is made under this  
7 section as a Federal Direct Consolidation Loan the  
8 proceeds of which are used to discharge a loan de-  
9 scribed in subparagraph (B) or (C) of subsection  
10 (a)(1)—

11 “(A) the refinanced Federal Direct Con-  
12 solidation Loan shall have the same terms and  
13 conditions as a Federal Direct Consolidation  
14 Loan, except as otherwise provided in this sec-  
15 tion; and

16 “(B) the Secretary may adjust such terms  
17 and conditions as necessary to enable the bor-  
18 rower to access loan forgiveness or other bene-  
19 fits available to the borrower under the loan be-  
20 fore refinancing under this section, in any case  
21 where such benefits are more generous than  
22 provided under a Federal Direct Consolidation  
23 Loan.

24 “(5) RULE OF CONSTRUCTION.—Nothing in  
25 this section shall be construed to prevent a borrower

1 of a Federal student loan described in subparagraph  
2 (B) or (C) of subsection (a)(1) from consolidating  
3 such loans with other loans eligible for consolidation  
4 under this section, or to require such a borrower to  
5 consolidate such loans with other Federal student  
6 loans into a single consolidation loan under this sec-  
7 tion.

8 “(e) NOTIFICATION TO BORROWERS.—The Sec-  
9 retary, in coordination with the Director of the Bureau  
10 of Consumer Financial Protection, shall undertake a cam-  
11 paign to alert borrowers of covered non-part D loans that  
12 are eligible for refinancing under this section that the bor-  
13 rowers are eligible to apply for such refinancing. The cam-  
14 paign shall include the following activities:

15 “(1) Developing consumer information mate-  
16 rials about the availability of Federal student loan  
17 refinancing.

18 “(2) Requiring servicers of loans under part B  
19 to provide such consumer information to borrowers  
20 in a manner determined appropriate by the Sec-  
21 retary, in consultation with the Director of the Bu-  
22 reau of Consumer Financial Protection.”.

23 (c) INCOME-CONTINGENT REPAYMENT.—Section  
24 455(e) of the Higher Education Act of 1965 (20 U.S.C.



1 1087e(e)) is amended by adding at the end the following  
2 new paragraph:

3 “(9) SPECIAL RULE FOR REFINANCED  
4 LOANS.—For purposes of paragraph (7), the period  
5 of time during which a borrower of a loan that is re-  
6 financed under section 460A has made monthly pay-  
7 ments shall be calculated in the manner described in  
8 section 493C(f) for the applicable type of loan.”.

9 (d) INCOME-BASED REPAYMENT.—Section 493C of  
10 the Higher Education Act of 1965 (20 U.S.C. 1098e) is  
11 amended by adding at the end the following:

12 “(f) SPECIAL RULE FOR REFINANCED LOANS.—

13 “(1) REFINANCED FEDERAL DIRECT, FFEL,  
14 AND PLUS LOANS.—In calculating the period of time  
15 during which a borrower of a loan (with the excep-  
16 tion of a Federal Direct Consolidation Loan) that is  
17 refinanced under section 460A has made monthly  
18 payments for purposes of subsection (b)(7), the Sec-  
19 retary shall deem the period to include all monthly  
20 payments made for the original loan, and all month-  
21 ly payments made for the refinanced loan, that oth-  
22 erwise meet the requirements of this section.

23 “(2) REFINANCED FEDERAL DIRECT CONSOLI-  
24 DATION LOANS.—In calculating the period of time  
25 during which a borrower of a Federal Direct Con-

1       solidation Loan that is refinanced under section  
2       460A has made monthly payments for the purposes  
3       of subsection (b)(7), the Secretary shall—

4               “(A) review the borrower’s payment his-  
5       tory to identify each component loan of such  
6       Federal Direct Consolidation Loan;

7               “(B) for each such component loan—

8                       “(i) calculate the weighted factor of  
9       the component loan, which shall be the fac-  
10      tor that represents the portion of such  
11      Federal Direct Consolidation Loan that is  
12      attributable to such component loan; and

13                      “(ii) determine the number of quali-  
14      fying monthly payments made on such  
15      component loan before consolidation;

16               “(C) calculate the number of qualifying  
17      monthly payments determined under subpara-  
18      graph (B)(ii) with respect to a component loan  
19      that shall be deemed as qualifying monthly pay-  
20      ments made on the Federal Direct Consolida-  
21      tion Loan by multiplying—

22                      “(i) the weighted factor of such com-  
23      ponent loan as determined under subpara-  
24      graph (B)(i); by

1 “(ii) the number of qualifying monthly  
2 payments made on such component loan as  
3 determined under subparagraph (B)(ii);  
4 and

5 “(D) calculate and inform the borrower of  
6 the total number of qualifying monthly pay-  
7 ments with respect to the component loans of  
8 the Federal Direct Consolidation Loan that  
9 shall be deemed as qualifying monthly payments  
10 made on the refinanced Federal Consolidation  
11 Loan, by—

12 “(i) adding together the result of each  
13 calculation made under subparagraph (C)  
14 with respect to each such component loan;  
15 and

16 “(ii) rounding the number determined  
17 under clause (i) to the nearest whole num-  
18 ber.

19 “(3) COMPONENT LOAN DEFINED.—In this  
20 subsection, the term ‘component loan’, used with re-  
21 spect to a Federal Direct Consolidation Loan, means  
22 a loan for which the liability was discharged by the  
23 proceeds of such Federal Direct Consolidation  
24 Loan.”.

1       (e) CONFORMING AMENDMENTS.—The Higher Edu-  
2 cation Act of 1965 (20 U.S.C. 1001 et seq.) is amended—

3           (1) in section 428C(a)(3)(B)(i)(V) (20 U.S.C.  
4 1078–3(3)(B)(i)(V))—

5               (A) by striking “or” at the end of item  
6 (bb);

7               (B) by striking the period at the end of  
8 item (cc) and inserting “; or”; and

9               (C) by adding at the end the following:

10                               “(dd) for the purpose of ob-  
11 taining a refinancing loan under  
12 section 460A.”; and

13           (2) in section 455 (20 U.S.C. 1087e)—

14               (A) in subsection (b), by striking “(b) IN-  
15 TEREST RATE.—” and inserting the following:

16           “(b) INTEREST RATE.—Except as otherwise provided  
17 in sections 460A, the terms and conditions of interest for  
18 loans made under this part are as follows:”.

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