

117TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

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Mr. WHITEHOUSE introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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## A BILL

To establish a temporary program for the refinancing of certain Federal and private 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”.

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

8 (a) PROGRAM AUTHORITY.—Section 451(a) of the  
9 Higher Education Act of 1965 (20 U.S.C. 1087a(a)) is  
10 amended—

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

2 and

3 (2) by inserting “; and (3) to make loans under  
4 section 460A and section 460B” after “section  
5 459A”.

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

9 **“SEC. 460A. TEMPORARY PROGRAM FOR THE REFINANCING**  
10 **OF FEDERAL DIRECT LOANS AND OTHER**  
11 **FEDERAL STUDENT LOANS.**

12 “(a) DEFINITIONS.—In this section:

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

15 “(A) made, insured, or guaranteed under  
16 part B and for which the first disbursement  
17 was made, or the application for the consolida-  
18 tion loan was received, before July 1, 2010;

19 “(B) made under part E; or

20 “(C) made under—

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

1                   “(ii) part E of title VIII of the Public  
2                   Health Service Act (42 U.S.C. 297a et  
3                   seq.).

4                   “(2) COVERED PERIOD.—The term ‘covered pe-  
5                   riod’ means the period beginning on August 1, 2022,  
6                   and ending at the close of December 31, 2025.

7                   “(3) ORIGINAL LOAN.—The term ‘original loan’  
8                   means a loan for which a borrower’s liability is dis-  
9                   charged by a refinanced loan issued in accordance  
10                  with this section.

11                  “(4) QUALIFIED BORROWER.—The term ‘quali-  
12                  fied borrower’ means a borrower of a loan under this  
13                  part, or a covered non-part D loan, for which the  
14                  first disbursement was made, or the application for  
15                  a consolidation loan was received, before January 1,  
16                  2026.

17                  “(b) IN GENERAL.—Beginning on August 1, 2022,  
18                  the Secretary shall carry out a program under which the  
19                  Secretary makes interest-free refinancing loans to quali-  
20                  fied borrowers in accordance with this section.

21                  “(c) REFINANCING DIRECT LOANS.—

22                         “(1) FEDERAL DIRECT LOANS.—

23                                 “(A) IN GENERAL.—Beginning on August  
24                                 1, 2022, the Secretary shall cancel the obliga-  
25                                 tion of a qualified borrower to repay a Federal

1 Direct Stafford Loan, a Federal Direct Unsub-  
2 subsidized Stafford Loan, a Federal Direct PLUS  
3 Loan, or a Federal Direct Consolidation Loan  
4 for which the first disbursement was made, or  
5 the application for the consolidation loan was  
6 received, before January 1, 2025, and issue to  
7 such borrower in accordance with this section a  
8 refinanced Federal Direct Stafford Loan, a refi-  
9 nanced Federal Direct Unsubsidized Stafford  
10 Loan, a refinanced Federal Direct PLUS Loan,  
11 or a refinanced Federal Direct Consolidation  
12 Loan, respectively, in an amount equal to the  
13 sum of the unpaid principal, accrued unpaid in-  
14 terest, and late charges of the original loan.

15 “(B) INFORMATION.—The Secretary shall  
16 notify each qualified borrower of a loan refi-  
17 nanced under subparagraph (A) regarding the  
18 refinancing and the benefits the refinancing  
19 provides to the qualified borrower.

20 “(2) REFINANCING COVERED NON-PART D  
21 LOANS AS REFINANCED FEDERAL DIRECT LOANS.—  
22 Upon application of a qualified borrower of any cov-  
23 ered non-part D loan, the Secretary shall make a  
24 loan under this part, in an amount equal to the sum  
25 of the unpaid principal, accrued unpaid interest, and

1 late charges of the original loan to the borrower in  
2 accordance with the following:

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

8 “(B) Any Federal student loan made  
9 under this section the proceeds of which are  
10 used to discharge a loan that was made, in-  
11 sured, or guaranteed—

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

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

16 “(iii) under section 428H shall be a  
17 Federal Direct Unsubsidized Stafford  
18 Loan; and

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

21 “(C) Any Federal student loan made under  
22 this section the proceeds of which are used to  
23 discharge a loan described subparagraph (B) or  
24 (C) of subsection (a)(1) shall be a Federal Di-  
25 rect Consolidation Loan.

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

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

9           “(1) IN GENERAL.—A loan made under this  
10          section shall have the same terms and conditions as  
11          the original loan, except as otherwise provided in  
12          this section.

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

15          “(3) NO AUTOMATIC EXTENSION OF REPAY-  
16          MENT PERIOD.—A loan made under this section  
17          shall not result in the extension of the duration of  
18          the repayment period of the loan, and the borrower  
19          shall retain the same repayment term that was in ef-  
20          fect on the original loan. Nothing in this paragraph  
21          shall be construed to prevent a borrower from elect-  
22          ing a different repayment plan at any time in ac-  
23          cordance with section 455(d)(3).

24          “(4) SPECIAL RULE FOR REFINANCED PERKINS  
25          AND HEALTH LOANS.—Notwithstanding paragraph

1 (1), in the case of a loan that is made under this  
2 section as a Federal Direct Consolidation Loan the  
3 proceeds of which are used to discharge a loan de-  
4 scribed in subparagraph (B) or (C) of subsection  
5 (a)(1)—

6 “(A) the refinanced Federal Direct Con-  
7 solidation Loan shall have the same terms and  
8 conditions as a Federal Direct Consolidation  
9 Loan, except as otherwise provided in this sec-  
10 tion; and

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

19 “(5) RULE OF CONSTRUCTION.—Nothing in  
20 this section shall be construed to prevent a borrower  
21 of a Federal student loan described in subparagraph  
22 (B) or (C) of subsection (a)(1) from consolidating  
23 such loans with other loans eligible for consolidation  
24 under this section, or to require such a borrower to  
25 consolidate such loans with other Federal student

1 loans into a single consolidation loan under this sec-  
2 tion.

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

10 “(1) Developing consumer information mate-  
11 rials about the availability of Federal student loan  
12 refinancing.

13 “(2) Requiring servicers of loans under part B  
14 to provide such consumer information to borrowers  
15 in a manner determined appropriate by the Sec-  
16 retary, in consultation with the Director of the Bu-  
17 reau of Consumer Financial Protection.

18 **“SEC. 460B. TEMPORARY PROGRAM FOR REFINANCING OF**  
19 **PRIVATE EDUCATION LOANS.**

20 “(a) DEFINITIONS.—In this section:

21 “(1) COVERED PERIOD.—The term ‘covered pe-  
22 riod’ means the period beginning on August 1, 2022,  
23 and ending at the close of December 31, 2025.

24 “(2) ELIGIBLE PRIVATE EDUCATION LOAN.—  
25 The term ‘eligible private education loan’ means a

1 private education loan, as defined in section 140(a)  
2 of the Truth in Lending Act (15 U.S.C. 1650(a)),  
3 that—

4 “(A) was disbursed to the borrower before  
5 January 1, 2026; and

6 “(B) was for the borrower’s own postsec-  
7 ondary educational expenses for an eligible pro-  
8 gram at an institution of higher education par-  
9 ticipating in the loan program under this part,  
10 as of the date that the loan was disbursed.

11 “(3) FEDERAL DIRECT REFINANCED PRIVATE  
12 LOAN.—The term ‘Federal Direct Refinanced Pri-  
13 vate Loan’ means a loan issued under subsection  
14 (b)(1).

15 “(4) PRIVATE EDUCATIONAL LENDER.—The  
16 term ‘private educational lender’ has the meaning  
17 given that term in section 140(a) of the Truth in  
18 Lending Act (15 U.S.C. 1650(a)).

19 “(5) QUALIFIED BORROWER.—The term ‘quali-  
20 fied borrower’ means an individual who has an eligi-  
21 ble private education loan.

22 “(b) PROGRAM AUTHORIZED.—

23 “(1) IN GENERAL.—Beginning on August 1,  
24 2022, the Secretary, in consultation with the Sec-  
25 retary of the Treasury, shall carry out a program

1 under which the Secretary, upon application by a  
2 qualified borrower who has an eligible private edu-  
3 cation loan, shall issue such borrower a loan under  
4 this part in accordance with the following:

5 “(A) The loan issued under this program  
6 shall be in an amount equal to the sum of the  
7 unpaid principal, accrued unpaid interest, and  
8 late charges of the private education loan.

9 “(B) The Secretary shall pay the proceeds  
10 of the loan issued under this program to the  
11 private educational lender of the private edu-  
12 cation loan, in order to discharge the qualified  
13 borrower from any remaining obligation to the  
14 lender with respect to the original loan.

15 “(C) The Secretary shall require that the  
16 qualified borrower undergo loan counseling that  
17 provides all of the information and counseling  
18 required under clauses (i) through (ix) of sec-  
19 tion 485(b)(1)(A) before the loan is refinanced  
20 in accordance with this section, and before the  
21 proceeds of such loan are paid to the private  
22 educational lender.

23 “(D) The Secretary shall issue the loan as  
24 a Federal Direct Refinanced Private Loan,  
25 which shall have the same terms, conditions,

1           and benefits as a Federal Direct Unsubsidized  
2           Stafford Loan, except as otherwise provided in  
3           this section.

4           “(2) PRIVATE EDUCATIONAL LENDERS.—Not  
5           later than August 1, 2022, the Secretary, in con-  
6           sultation with the Secretary of the Treasury and the  
7           Director of the Bureau of Consumer Financial Pro-  
8           tection, shall establish eligibility requirements to  
9           preclude windfall profits for private educational  
10          lenders.

11          “(c) APPLICATION DEADLINE.—To be eligible to re-  
12          ceive a Federal Direct Refinanced Private Loan under this  
13          section a qualified borrower shall submit an application  
14          to the Secretary during the covered period. A borrower  
15          who submits an application after the expiration of the cov-  
16          ered period shall not be eligible to receive a Federal Direct  
17          Refinanced Private Loan under this section.

18          “(d) INTEREST RATE.—No interest shall accrue on  
19          a Federal Direct Refinanced Private Loan under this sec-  
20          tion.

21          “(e) NO INCLUSION IN AGGREGATE LIMITS.—The  
22          amount of a Federal Direct Refinanced Private Loan, or  
23          a Federal Direct Consolidated Loan to the extent such  
24          loan was used to repay a Federal Direct Refinanced Pri-  
25          vate Loan, shall not be included in calculating a bor-

1 borrower's annual or aggregate loan limits under section 428  
2 or 428H.

3       “(f) SPECIAL RULE FOR ELIGIBILITY FOR SERVICE-  
4 RELATED REPAYMENT.—Notwithstanding sections  
5 428K(a)(2), 428L(b)(2), 455(m)(3)(A), and 460(b), a  
6 Federal Direct Refinanced Private Loan shall be eligible  
7 for any loan repayment or loan forgiveness program under  
8 section 428K, 428L, or 460, or for the repayment plan  
9 for public service employees under section 455(m), but  
10 only with respect to any balance due, payments made, or  
11 service completed, after the date on which such Federal  
12 Direct Refinanced Private Loan was issued.

13       “(g) PRIVATE EDUCATIONAL LENDER REPORTING  
14 REQUIREMENT.—

15               “(1) REPORTING REQUIRED.—Not later than  
16 August 1, 2022, the Secretary, in consultation with  
17 the Secretary of the Treasury and the Director of  
18 the Bureau of Consumer Financial Protection, shall  
19 establish a requirement that private educational  
20 lenders report the data described in paragraph (2)  
21 to the Secretary, to Congress, to the Secretary of  
22 the Treasury, and to the Director of the Bureau of  
23 Consumer Financial Protection, in order to allow for  
24 an assessment of the private education loan market.

1           “(2) CONTENTS OF REPORTING.—The data  
2           that private educational lenders shall report in ac-  
3           cordance with paragraph (1) shall include each of  
4           the following about private education loans (as de-  
5           fined in section 140(a) of the Truth in Lending Act  
6           (15 U.S.C. 1650(a))):

7                   “(A) The total amount of private education  
8                   loan debt the lender holds.

9                   “(B) The total number of private edu-  
10                  cation loan borrowers the lender serves.

11                  “(C) The average interest rate on the out-  
12                  standing private education loan debt held by the  
13                  lender.

14                  “(D) The proportion of private education  
15                  loan borrowers who are in default on a loan  
16                  held by the lender.

17                  “(E) The proportion of the outstanding  
18                  private education loan volume held by the lend-  
19                  er that is in default.

20                  “(F) The proportions of outstanding pri-  
21                  vate education loan borrowers who are 30, 60,  
22                  and 90 days delinquent.

23                  “(G) The proportions of outstanding pri-  
24                  vate education loan volume that is 30, 60, and  
25                  90 days delinquent.

1       “(h) NOTIFICATION TO BORROWERS.—The Sec-  
2 retary, in coordination with the Secretary of the Treasury  
3 and the Director of the Bureau of Consumer Financial  
4 Protection, shall undertake a campaign to alert borrowers  
5 about the availability of private student loan refinancing  
6 under this section.”.

7       (c) INCOME-CONTINGENT REPAYMENT.—Section  
8 455(e) of the Higher Education Act of 1965 (20 U.S.C.  
9 1087e(e)) is amended by adding at the end the following  
10 new paragraph:

11           “(9) SPECIAL RULE FOR REFINANCED  
12 LOANS.—For purposes of paragraph (7), the period  
13 of time during which a borrower of a loan that is re-  
14 financed under section 460A or 460B has made  
15 monthly payments shall be calculated in the manner  
16 described in section 493C(f) for the applicable type  
17 of loan.”.

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

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

22           “(1) REFINANCED FEDERAL DIRECT, FFEL,  
23 AND PLUS LOANS.—In calculating the period of time  
24 during which a borrower of a loan (with the excep-  
25 tion of a Federal Direct Consolidation Loan) that is

1       refinanced under section 460A has made monthly  
2       payments for purposes of subsection (b)(7), the Sec-  
3       retary shall deem the period to include all monthly  
4       payments made for the original loan, and all month-  
5       ly payments made for the refinanced loan, that oth-  
6       erwise meet the requirements of this section.

7               “(2) REFINANCED FEDERAL DIRECT CONSOLI-  
8       DATION LOANS.—In calculating the period of time  
9       during which a borrower of a Federal Direct Con-  
10      solidation Loan that is refinanced under section  
11      460A has made monthly payments for the purposes  
12      of subsection (b)(7), the Secretary shall—

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

16               “(B) for each such component loan—

17               “(i) calculate the weighted factor of  
18      the component loan, which shall be the fac-  
19      tor that represents the portion of such  
20      Federal Direct Consolidation Loan that is  
21      attributable to such component loan; and

22               “(ii) determine the number of quali-  
23      fying monthly payments made on such  
24      component loan before consolidation;

1           “(C) calculate the number of qualifying  
2           monthly payments determined under subpara-  
3           graph (B)(ii) with respect to a component loan  
4           that shall be deemed as qualifying monthly pay-  
5           ments made on the Federal Direct Consolida-  
6           tion Loan by multiplying—

7                   “(i) the weighted factor of such com-  
8                   ponent loan as determined under subpara-  
9                   graph (B)(i); by

10                   “(ii) the number of qualifying monthly  
11                   payments made on such component loan as  
12                   determined under subparagraph (B)(ii);  
13                   and

14           “(D) calculate and inform the borrower of  
15           the total number of qualifying monthly pay-  
16           ments with respect to the component loans of  
17           the Federal Direct Consolidation Loan that  
18           shall be deemed as qualifying monthly payments  
19           made on the refinanced Federal Consolidation  
20           Loan, by—

21                   “(i) adding together the result of each  
22                   calculation made under subparagraph (C)  
23                   with respect to each such component loan;  
24                   and

1                   “(ii) rounding the number determined  
2                   under clause (i) to the nearest whole num-  
3                   ber.

4                   “(3) FEDERAL DIRECT REFINANCED PRIVATE  
5                   LOANS.—In calculating the period of time during  
6                   which a borrower of a Federal Direct Refinanced  
7                   Private Loan under section 460B has made monthly  
8                   payments for purposes of subsection (b)(7), the Sec-  
9                   retary shall include only payments—

10                   “(A) that are made after the date of the  
11                   issuance of the Federal Direct Refinanced Pri-  
12                   vate Loan; and

13                   “(B) that otherwise meet the requirements  
14                   of this section.

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

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

23                   (1) in section 428C(a)(3)(B)(i)(V) (20 U.S.C.  
24                   1078–3(3)(B)(i)(V))—

1 (A) by striking “or” at the end of item  
2 (bb);

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

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

6 “(dd) for the purpose of ob-  
7 taining a refinancing loan under  
8 section 460A.”;

9 (2) in section 428J(c)(2) (20 U.S.C. 1078–  
10 10(c)(2)), by inserting “a Federal Direct Refinanced  
11 Private Loan,” after “a Federal Direct Unsubsidized  
12 Stafford Loan,”;

13 (3) 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 and 460B, the terms and conditions of  
18 interest for loans made under this part are as follows:”;

19 (B) in subsection (f)(1)(B), by inserting “a  
20 Federal Direct Refinanced Private Loan,” after  
21 “a Federal Direct Unsubsidized Stafford  
22 Loan,”;

23 (C) in subsection (m)(3)(A), by striking  
24 “or Federal Direct Unsubsidized Stafford  
25 Loan,” and inserting “Federal Direct Unsub-

1            subsidized Stafford Loan, or Federal Direct Refi-  
2            nanced Private Loan,”; and

3            (4) in section 460 (20 U.S.C. 1087j)—

4                    (A) in subsection (b), by striking “and  
5            Federal Direct Unsubsidized Stafford Loans”  
6            and inserting “Federal Direct Unsubsidized  
7            Stafford Loans, and Federal Direct Refinanced  
8            Private Loans”; and

9                    (B) in subsection (c)—

10                    (i) in paragraph (1), by striking “or a  
11            Federal Direct Unsubsidized Stafford  
12            Loan” and inserting “, a Federal Direct  
13            Unsubsidized Stafford Loan, or a Federal  
14            Direct Refinanced Private Loan”; and

15                    (ii) in paragraph (2), by inserting “a  
16            Federal Direct Refinanced Private Loan,”  
17            after “a Federal Direct Unsubsidized Staf-  
18            ford Loan,”.