

117TH CONGRESS
2D SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

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

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,”.