

108TH CONGRESS
2D SESSION

S. 2198

To provide for refinancing of consolidated student loans.

IN THE SENATE OF THE UNITED STATES

MARCH 11, 2004

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

A BILL

To provide for refinancing of consolidated student loans.

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 “Consolidated Student
5 Loan Reduction Act of 2004”.

6 **SEC. 2. REFINANCING AUTHORITY FOR CONSOLIDATED**
7 **STUDENT LOANS.**

8 (a) FEDERAL CONSOLIDATION LOANS.—Section
9 428C of the Higher Education Act of 1965 (20 U.S.C.
10 1078–3) is amended by adding at the end the following:

11 “(g) REFINANCING AUTHORITY.—

1 “(1) IN GENERAL.—Notwithstanding any other
 2 provision of this part and subject to paragraph (2),
 3 a borrower may refinance a consolidation loan at a
 4 fixed rate that is equal to the interest rate for Fed-
 5 eral Stafford Loans under section 427A(k) at the
 6 time the borrower applies for the refinancing.

7 “(2) ONE PERCENT INTEREST RATE DIF-
 8 FERENCE REQUIRED.—A borrower may refinance a
 9 consolidation loan under this subsection whenever
 10 the interest rate for the consolidation loan to be refi-
 11 nanced exceeds the fixed interest rate determined
 12 under paragraph (1) by 1 percent or more.

13 “(3) STUDENT FEE PROHIBITED.—No student
 14 shall be charged a fee to refinance a consolidation
 15 loan under this subsection.”.

16 (b) FEDERAL DIRECT CONSOLIDATION LOANS.—
 17 Section 455(g) of the Higher Education Act of 1965 (20
 18 U.S.C. 1087e(g)) is amended—

19 (1) by striking “A borrower” and inserting the
 20 following:

21 “(1) IN GENERAL.—A borrower”; and

22 (2) by adding at the end the following:

23 “(2) REFINANCING AUTHORITY.—

24 “(A) IN GENERAL.—Notwithstanding any
 25 other provision of this part and subject to sub-

1 paragraph (B), a borrower may refinance a
2 Federal Direct Consolidation Loan at a fixed
3 rate that is equal to the interest rate for Fed-
4 eral Stafford Loans under section 427A(k) at
5 the time the borrower applies for the refi-
6 nancing.

7 “(B) ONE PERCENT INTEREST RATE DIF-
8 FERENCE REQUIRED.—A borrower may refi-
9 nance a consolidation loan under this subsection
10 whenever the interest rate for the consolidation
11 loan to be refinanced exceeds the fixed interest
12 rate determined under subparagraph (A) by 1
13 percent or more.

14 “(C) STUDENT FEE PROHIBITED.—No
15 student shall be charged a fee to refinance a
16 consolidation loan under this paragraph.”

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