

**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 6951  
OFFERED BY MR. SCOTT OF VIRGINIA**

After section 225, insert the following:

1 **SEC. 226. INTEREST RATE PROVISIONS FOR NEW FEDERAL**  
2 **STUDENT LOANS ON OR AFTER JULY 1, 2025.**

3 Section 455(b) of the Higher Education Act of 1965  
4 (20 U.S.C. 1087e(b)) is amended—

5 (1) in paragraph (8)—

6 (A) in the paragraph heading, by inserting  
7 “, AND BEFORE JULY 1, 2025” before the period;  
8 and

9 (B) by inserting “and before July 1,  
10 2025,” after “July 1, 2013,” each place it ap-  
11 pears;

12 (2) by redesignating paragraphs (9) and (10)  
13 as paragraphs (10) and (11), respectively; and

14 (3) by inserting after paragraph (8) the fol-  
15 lowing new paragraph:

16 “(9) INTEREST RATE PROVISIONS FOR NEW  
17 LOANS ON OR AFTER JULY 1, 2025.—

18 “(A) RATE FOR FDSL, FDUSL, AND PLUS  
19 LOANS.—Notwithstanding the preceding para-

1 graphs of this subsection, for Federal Direct  
2 Stafford Loans, Federal Direct Unsubsidized  
3 Stafford Loans, and Federal Direct PLUS  
4 Loans, for which the first disbursement is made  
5 on or after July 1, 2025, the applicable rate of  
6 interest shall, for loans disbursed during any  
7 12-month period beginning on July 1 and end-  
8 ing on June 30, be determined on the preceding  
9 June 1 and be equal to the lesser of—

10 “(i) a rate equal to the high yield of  
11 the 10-year Treasury note auctioned at the  
12 final auction held prior to such June 1; or

13 “(ii) 5.0 percent.

14 “(B) CONSOLIDATION LOANS.—Notwith-  
15 standing the preceding paragraphs of this sub-  
16 section, any Federal Direct Consolidation Loan  
17 for which the application is received on or after  
18 July 1, 2025, shall—

19 “(i) bear interest at an annual rate on  
20 the unpaid principal balance of the loan  
21 that is equal to the lesser of—

22 “(I) the weighted average of the  
23 interest rates on the loans consoli-  
24 dated, rounded to the nearest higher  
25 one-eighth of one percent; or

1 “(II) 5.0 percent; and

2 “(ii) only accrue interest on the per-  
3 centage of such Federal Direct Consolida-  
4 tion Loan that is equal to—

5 “(I) the amount of the sum of  
6 the unpaid principal on the loans con-  
7 solidated; divided by

8 “(II) the total amount of such  
9 Federal Direct Consolidation Loan.

10 “(C) CONSULTATION.—The Secretary shall  
11 determine the applicable rate of interest under  
12 this paragraph after consultation with the Sec-  
13 retary of the Treasury and shall publish such  
14 rate in the Federal Register as soon as prac-  
15 ticable after the date of determination.

16 “(D) FIXED RATE.—The applicable rate of  
17 interest determined under this paragraph for a  
18 Federal Direct Stafford Loan, a Federal Direct  
19 Unsubsidized Stafford Loan, a Federal Direct  
20 PLUS Loan, or a Federal Direct Consolidation  
21 Loan shall be fixed for the period of the loan.”.

1 **SEC. 227. REFINANCING FFEL AND FEDERAL DIRECT**  
2 **LOANS.**

3 Part D of title IV of the Higher Education Act of  
4 1965 (20 U.S.C. 1087a et seq.) is amended by adding at  
5 the end the following:

6 **“SEC. 460A. REFINANCING FFEL AND FEDERAL DIRECT**  
7 **LOANS.**

8 “(a) IN GENERAL.—The Secretary shall establish a  
9 program under which the Secretary, upon the receipt of  
10 an application from a qualified borrower, makes a loan  
11 under this part, in accordance with the provisions of this  
12 section, in order to permit the borrower to obtain the in-  
13 terest rate provided under subsection (c).

14 “(b) REFINANCING DIRECT LOANS.—

15 “(1) FEDERAL DIRECT LOANS.—Upon applica-  
16 tion of a qualified borrower, the Secretary shall  
17 repay a Federal Direct Stafford Loan, a Federal Di-  
18 rect Unsubsidized Stafford Loan, a Federal Direct  
19 PLUS Loan, or a Federal Direct Consolidation  
20 Loan of the qualified borrower, for which the first  
21 disbursement was made, or the application for the  
22 consolidation loan was received, before July 1, 2025,  
23 with the proceeds of a refinanced Federal Direct  
24 Stafford Loan, a Federal Direct Unsubsidized Staf-  
25 ford Loan, a Federal Direct PLUS Loan, or a Fed-  
26 eral Direct Consolidation Loan, respectively, issued

1 to the borrower in an amount equal to the sum of  
2 the unpaid principal, accrued unpaid interest, and  
3 late charges of the original loan.

4 “(2) REFINANCING FFEL PROGRAM LOANS AS  
5 REFINANCED FEDERAL DIRECT LOANS.—Upon ap-  
6 plication of a qualified borrower for any loan that  
7 was made, insured, or guaranteed under part B and  
8 for which the first disbursement was made, or the  
9 application for the consolidation loan was received,  
10 before July 1, 2010, the Secretary shall make a loan  
11 under this part, in an amount equal to the sum of  
12 the unpaid principal, accrued unpaid interest, and  
13 late charges of the original loan to the borrower in  
14 accordance with the following:

15 “(A) The Secretary shall pay the proceeds  
16 of such loan to the eligible lender of the loan  
17 made, insured, or guaranteed under part B, in  
18 order to discharge the borrower from any re-  
19 maining obligation to the lender with respect to  
20 the original loan.

21 “(B) A loan made under this section that  
22 was originally—

23 “(i) a loan originally made, insured,  
24 or guaranteed under section 428 shall be a  
25 Federal Direct Stafford Loan;

1           “(ii) a loan originally made, insured,  
2           or guaranteed under section 428B shall be  
3           a Federal Direct PLUS Loan;

4           “(iii) a loan originally made, insured,  
5           or guaranteed under section 428H shall be  
6           a Federal Direct Unsubsidized Stafford  
7           Loan; and

8           “(iv) a loan originally made, insured,  
9           or guaranteed under section 428C shall be  
10          a Federal Direct Consolidation Loan.

11          “(C) The interest rate for each loan made  
12          by the Secretary under this paragraph shall be  
13          the rate provided under subsection (e).

14          “(c) INTEREST RATES.—

15                 “(1) IN GENERAL.—The interest rate for the  
16          refinanced Federal Direct Stafford Loans, Federal  
17          Direct Unsubsidized Stafford Loans, Federal Direct  
18          PLUS Loans, and Federal Direct Consolidation  
19          Loans, shall be a rate equal to—

20                         “(A) in any case where the original loan  
21          was a loan under section 428, 428B, 428H, a  
22          Federal Direct Stafford loan, a Federal Direct  
23          Unsubsidized Stafford Loan, or a Federal Di-  
24          rect PLUS Loan, a rate equal to the interest  
25          rate determined under section 455(b)(9)(A) for

1 the date on which the refinanced loan is made;  
2 and

3 “(B) in any case where the original loan  
4 was a loan under section 428C or a Federal Di-  
5 rect Consolidation Loan, a rate calculated in ac-  
6 cordance with paragraph (2).

7 “(2) INTEREST RATES FOR CONSOLIDATION  
8 LOANS.—

9 “(A) METHOD OF CALCULATION.—In  
10 order to determine the interest rate for any re-  
11 financed Federal Direct Consolidation Loan  
12 under paragraph (1)(B), the Secretary shall—

13 “(i) determine each of the component  
14 loans that were originally consolidated in  
15 the loan under section 428C or the Federal  
16 Direct Consolidation Loan, and calculate  
17 the proportion of the unpaid principal bal-  
18 ance of the loan under section 428C or the  
19 Federal Direct Consolidation Loan that  
20 each component loan represents;

21 “(ii) use the proportions determined  
22 in accordance with clause (i) and the inter-  
23 est rate applicable for each component  
24 loan, as determined under subparagraph  
25 (B), to calculate the weighted average of

1 the interest rates on the loans consolidated  
2 into the loan under section 428C or the  
3 Federal Direct Consolidation Loan; and

4 “(iii) make the applicable interest rate  
5 for the refinanced Federal Direct Consoli-  
6 dation Loan the lesser of—

7 “(I) the weighted average cal-  
8 culated under clause (ii); or

9 “(II) 5.0 percent.

10 “(B) INTEREST RATES FOR COMPONENT  
11 LOANS.—The interest rates for the component  
12 loans of a loan made under section 428C or a  
13 Federal Direct Consolidation Loan shall be the  
14 following:

15 “(i) The interest rate for any loan  
16 under section 428, 428B, 428H, Federal  
17 Direct Stafford Loan, Federal Direct Un-  
18 subsidized Stafford Loan, or Federal Di-  
19 rect PLUS Loan shall be a rate equal to  
20 the lesser of—

21 “(I) the interest rate determined  
22 under section 455(b)(9)(A) for the  
23 date on which the component loan is  
24 made; or



1                   “(II) the original interest rate of  
2                   the component loan.

3                   “(ii) The interest rate for any compo-  
4                   nent loan that is a loan under section  
5                   428C or a Federal Direct Consolidation  
6                   Loan shall be the lesser of—

7                   “(I) the weighted average of the  
8                   interest rates that would apply under  
9                   this subparagraph for each loan com-  
10                  prising the component consolidation  
11                  loan; or

12                  “(II) 5 percent.

13                  “(iii) The interest rate for any eligible  
14                  loan that is a component of a loan made  
15                  under section 428C or a Federal Direct  
16                  Consolidation Loan and is not described in  
17                  clause (i) or (ii) shall be the lesser of—

18                  “(I) the interest rate on the  
19                  original component loan; or

20                  “(II) 5 percent.

21                  “(3) FIXED RATE.—The applicable rate of in-  
22                  terest determined under paragraph (1) for a refi-  
23                  nanced loan under this section shall be fixed for the  
24                  period of the loan.

1           “(4) CAPITALIZED INTEREST AND FEES EX-  
2           CLUDED.—With respect to a refinanced loan under  
3           this section, interest shall only accrue on the per-  
4           centage of such refinanced loan that is equal to—

5                   “(A) the amount of the unpaid principal of  
6                   the original loan, or in the case of a refinanced  
7                   Federal Direct Consolidation Loan, the sum of  
8                   the unpaid principal of all the component loans,  
9                   comprising the refinanced loan; divided by

10                   “(B) the total amount of such refinanced  
11                   loan.

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

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

17                   “(2) NO AUTOMATIC EXTENSION OF REPAY-  
18                   MENT PERIOD.—Refinancing a loan under this sec-  
19                   tion shall not result in the extension of the duration  
20                   of the repayment period of the loan, and the bor-  
21                   rower shall retain the same repayment term that  
22                   was in effect on the original loan. Nothing in this  
23                   paragraph shall be construed to prevent a borrower  
24                   from electing a different repayment plan at any time  
25                   in accordance with section 455(d)(4).

1       “(e) DEFINITION OF QUALIFIED BORROWER.—For  
2 purposes of this section, the term ‘qualified borrower’  
3 means a borrower—

4               “(1) of a loan under this part or part B for  
5 which the first disbursement was made, or the appli-  
6 cation for a consolidation loan was received, before  
7 July 1, 2025; and

8               “(2) who has one or more loans described in  
9 paragraph (1) or (2) of subsection (b) with an inter-  
10 est rate that exceeds 5 percent.

11       “(f) NOTIFICATION TO BORROWERS.—The Secretary,  
12 in coordination with the Director of the Bureau of Con-  
13 sumer Financial Protection, shall undertake a campaign  
14 to alert borrowers of loans that are eligible for refinancing  
15 under this section that the borrowers are eligible to apply  
16 for such refinancing. The campaign shall include the fol-  
17 lowing activities:

18               “(1) Developing consumer information mate-  
19 rials about the availability of Federal student loan  
20 refinancing.

21               “(2) Requiring servicers of loans under this  
22 part or part B to provide such consumer information  
23 to borrowers in a manner determined appropriate by  
24 the Secretary, in consultation with the Director of  
25 the Bureau of Consumer Financial Protection.”.

1 **SEC. 228. REFINANCING PRIVATE STUDENT LOANS.**

2 Part D of title IV of the Higher Education Act of  
3 1965 (20 U.S.C. 1087a et seq.), as amended by section  
4 227, is further amended by adding at the end the fol-  
5 lowing:

6 **“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN**  
7 **PROGRAM.**

8 “(a) DEFINITIONS.—In this section:

9 “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—

10 The term ‘eligible private education loan’ means a  
11 private education loan, as defined in section 140(a)  
12 of the Truth in Lending Act (15 U.S.C. 1650(a)),  
13 that—

14 “(A) was disbursed to the borrower before  
15 July 1, 2025; and

16 “(B) was for the borrower’s own postsec-  
17 ondary educational expenses for an eligible pro-  
18 gram at an institution of higher education par-  
19 ticipating in the loan program under this part,  
20 as of the date that the loan was disbursed.

21 “(2) FEDERAL DIRECT REFINANCED PRIVATE  
22 LOAN.—The term ‘Federal Direct Refinanced Pri-  
23 vate Loan’ means a loan issued under subsection  
24 (b)(1).

25 “(3) PRIVATE EDUCATIONAL LENDER.—The  
26 term ‘private educational lender’ has the meaning

1 given the term in section 140(a) of the Truth in  
2 Lending Act (15 U.S.C. 1650(a)).

3 “(4) QUALIFIED BORROWER.—The term ‘quali-  
4 fied borrower’ means an individual who—

5 “(A) has an eligible private education loan;

6 “(B) has been current on payments on the  
7 eligible private education loan for the 6 months  
8 prior to the date of the qualified borrower’s ap-  
9 plication for refinancing under this section, and  
10 is in good standing on the loan at the time of  
11 such application;

12 “(C) is not in default on the eligible pri-  
13 vate education loan or on any loan made, in-  
14 sured, or guaranteed under this part or part B  
15 or E; and

16 “(D) meets the eligibility requirements de-  
17 scribed in subsection (b)(2).

18 “(b) PROGRAM AUTHORIZED.—

19 “(1) IN GENERAL.—The Secretary, in consulta-  
20 tion with the Secretary of the Treasury, shall carry  
21 out a program under which the Secretary, upon ap-  
22 plication by a qualified borrower who has an eligible  
23 private education loan, shall issue such borrower a  
24 loan under this part in accordance with the fol-  
25 lowing:

1           “(A) The loan issued under this program  
2 shall be in an amount equal to the sum of the  
3 unpaid principal, accrued unpaid interest, and  
4 late charges of the private education loan.

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

11           “(C) The Secretary shall require that the  
12 qualified borrower undergo loan counseling that  
13 provides all of the relevant information and  
14 counseling required under section 485(l)(2) be-  
15 fore the loan is refinanced in accordance with  
16 this section, and before the proceeds of such  
17 loan are paid to the private educational lender.

18           “(D) The Secretary shall issue the loan as  
19 a Federal Direct Refinanced Private Loan,  
20 which shall have the same terms, conditions,  
21 and benefits as a Federal Direct Unsubsidized  
22 Stafford Loan, except as otherwise provided in  
23 this section.

1           “(E) The interest rate for each loan made  
2           by the Secretary under this section shall be the  
3           rate provided under subsection (c).

4           “(2) BORROWER ELIGIBILITY.—The Secretary,  
5           in consultation with the Secretary of the Treasury  
6           and the Director of the Consumer Financial Protec-  
7           tion Bureau, shall establish eligibility require-  
8           ments—

9           “(A) to ensure eligibility only for borrowers  
10          in good standing;

11          “(B) to minimize inequities between Fed-  
12          eral Direct Refinanced Private Loans and other  
13          Federal student loans;

14          “(C) to preclude windfall profits for pri-  
15          vate educational lenders; and

16          “(D) to ensure full access to the program  
17          authorized in this subsection for borrowers with  
18          private loans who otherwise meet the criteria  
19          established in accordance with subparagraph  
20          (A).

21          “(c) INTEREST RATE.—

22          “(1) IN GENERAL.—The interest rate for a  
23          Federal Direct Refinanced Private Loan is a rate  
24          equal to the interest rate determined under section

1 455(b)(9)(A) for the date on which the refinanced  
2 private loan is made.

3 “(2) FIXED RATE.—The interest rate deter-  
4 mined under this subsection for a Federal Direct  
5 Refinanced Private Loan shall be fixed for the pe-  
6 riod of the loan.

7 “(3) CAPITALIZED INTEREST AND FEES EX-  
8 CLUDED.—With respect to a Federal Direct Refi-  
9 nanced Private Loan under this section, interest  
10 shall only accrue on the percentage of such Refi-  
11 nanced Private Loan that is equal to—

12 “(A) the amount of the unpaid principal of  
13 the original loan comprising the Refinanced  
14 Private Loan on the date such original loan was  
15 refinanced; divided by

16 “(B) the total amount of such Refinanced  
17 Private Loan.

18 “(d) NO INCLUSION IN AGGREGATE LIMITS.—The  
19 amount of a Federal Direct Refinanced Private Loan, or  
20 a Federal Direct Consolidated Loan to the extent such  
21 loan was used to repay a Federal Direct Refinanced Pri-  
22 vate Loan, shall not be included in calculating a bor-  
23 rower’s annual or aggregate loan limits under section 428  
24 or 428H.



1       “(e) NO ELIGIBILITY FOR SERVICE-RELATED RE-  
2 PAYMENT.—A Federal Direct Refinanced Private Loan, or  
3 any Federal Direct Consolidation Loan to the extent such  
4 loan was used to repay a Federal Direct Refinanced Pri-  
5 vate Loan, shall not be eligible for any loan repayment  
6 or loan forgiveness program under section 428K, 428L,  
7 or 460 or for the loan cancellation repayment plan for  
8 public service employees under section 455(m).

9       “(f) PRIVATE EDUCATIONAL LENDER REPORTING  
10 REQUIREMENT.—

11           “(1) REPORTING REQUIRED.—The Secretary,  
12 in consultation with the Secretary of the Treasury  
13 and the Director of the Bureau of Consumer Finan-  
14 cial Protection, shall establish a requirement that, in  
15 order to allow for an assessment of the private edu-  
16 cation loan market, private educational lenders re-  
17 port the data described in paragraph (2) to—

18           “(A) the Secretary;

19           “(B) the Secretary of the Treasury;

20           “(C) the Director of the Consumer Finan-  
21 cial Protection Bureau;

22           “(D) the Committee on Education and  
23 Labor of the House of Representatives;

24           “(E) the Committee on Financial Services  
25 of the House of Representatives;

1           “(F) the Senate Committee on Health,  
2           Education, Labor, and Pensions; and

3           “(G) the Senate Committee on Banking,  
4           Housing, and Urban Affairs.

5           “(2) CONTENTS OF REPORTING.—The data  
6           that private educational lenders shall report in ac-  
7           cordance with paragraph (1) shall include each of  
8           the following about private education loans (as de-  
9           fined in section 140(a) of the Truth in Lending Act  
10          (15 U.S.C. 1650(a))):

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

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

15           “(C) The average interest rate on the out-  
16          standing private education loan debt held by the  
17          lender.

18           “(D) The proportion of private education  
19          loan borrowers who are in default on a loan  
20          held by the lender.

21           “(E) The proportion of the outstanding  
22          private education loan volume held by the lend-  
23          er that is in default.

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

4                   “(G) The proportions of outstanding pri-  
5                   vate education loan volume that is 30, 60, and  
6                   90 days delinquent.

7           “(g) NOTIFICATION TO BORROWERS.—The Sec-  
8           retary, in coordination with the Secretary of the Treasury  
9           and the Director of the Consumer Financial Protection  
10          Bureau, shall undertake a campaign to alert borrowers  
11          about the availability of private student loan refinancing  
12          under this section.”.

