

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 6951
OFFERED BY M^s. Wilson**

In subpart 2 of part B of title II—

(1) redesignate sections 223 through 225 as sections 228 through 330, respectively; and

(2) strike sections 221 and 222 and insert the following:

1 SEC. 221. SUBSIDIZED LOANS FOR GRADUATE AND PROFES-
2 SIONAL STUDENTS.

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

5 (1) in subparagraph (A), in the matter pre-
6 ceding clause (i), by striking “subparagraph (B)”
7 and inserting “subparagraphs (B) and (C)”; and

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

9 “(C) AUTHORITY TO MAKE INTEREST SUB-
10 SIDIZED LOANS TO GRADUATE AND PROFES-
11 SIONAL STUDENTS.—For any period of instruc-
12 tion at an institution of higher education (as
13 defined in section 101 or section 102(a)(1)(C),
14 except that a graduate medical school, nursing
15 school, or a veterinary school, located outside

1 the United States that does not meet the re-
2 quirements of section 101(a)(4) shall be ex-
3 cluded) beginning on or after July 1, 2025, a
4 graduate or professional student shall be eligi-
5 ble to receive a Federal Direct Stafford loan
6 under this part.”.

7 **SEC. 222. PREPAYMENT AMOUNTS.**

8 Section 455(d) of the Higher Education Act of 1965
9 (20 U.S.C. 1087e(d)) is amended by adding at the end
10 the following:

11 “(6) APPLICATION OF PREPAYMENT
12 AMOUNTS.—

13 “(A) REQUIREMENT FOR ELIGIBLE BOR-
14 ROWERS.—

15 “(i) IN GENERAL.—Notwithstanding
16 any other provision of this subsection or
17 any other provision of law—

18 “(I) with respect to loans made
19 to an eligible borrower under this part
20 or part B, which are held by the same
21 holder and which have different appli-
22 cable rates of interest, the holder of
23 such loans shall, unless otherwise re-
24 quested by the borrower in writing,
25 apply the borrower’s prepayment

1 amount (within the meaning of sec-
2 tion 682.209(b) of title 34, Code of
3 Federal Regulations, or a successor
4 regulation) for one or more of such
5 loans, first toward the outstanding
6 balance of principal due on the loan
7 with the highest applicable rate of in-
8 terest among such loans; and

9 “(II) except as provided in sub-
10 clause (I), with respect to loans made
11 to an eligible borrower under this part
12 or part B, which are held by the same
13 holder and which have the same appli-
14 cable rates of interest, the holder of
15 such loans shall, unless otherwise re-
16 quested by the borrower in writing,
17 apply the borrower’s prepayment
18 amount (within the meaning of sec-
19 tion 682.209(b) of title 34, Code of
20 Federal Regulations, or a successor
21 regulation) for one or more of such
22 loans, first toward the outstanding
23 balance of principal due on the loan
24 with the highest principal balance
25 among such loans.

1 “(ii) ELIGIBLE BORROWER DE-
2 FINED.—For purposes of this paragraph,
3 the term ‘eligible borrower’ means a bor-
4 rower with no outstanding balance of fees,
5 including collection costs and authorized
6 late charges, due on any loan made under
7 this part or part B.

8 “(B) REQUIREMENT FOR OTHER BOR-
9 ROWERS.—A prepayment amount (as described
10 in subparagraph (A)(i)) made by a borrower
11 who is not an eligible borrower to a holder shall
12 be applied first toward the borrower’s out-
13 standing balance of fees, including collection
14 costs and authorized late charges, due on any
15 loan made under this part or part B held by
16 such holder.”.

17 **SEC. 223. NOTIFICATION AND AUTOMATIC ENROLLMENT**

18 **PROCEDURES FOR BORROWERS WHO ARE**

19 **DELINQUENT ON LOANS.**

20 Section 455(d) of the Higher Education Act of 1965
21 (20 U.S.C. 1087e(d)), as amended by this Act, is further
22 amended by adding at the end the following:

23 “(7) NOTIFICATION AND AUTOMATIC ENROLL-
24 MENT PROCEDURES FOR BORROWERS WHO ARE DE-
25 LINQUENT ON LOANS.—

1 “(A) AUTHORITY TO OBTAIN INCOME IN-
2 FORMATION.—The Secretary shall establish and
3 implement, with respect to any borrower de-
4 scribed in subparagraph (B), procedures to—

5 “(i) use return information of the bor-
6 rower (and the borrower’s spouse, if appli-
7 cable) disclosed under section 6103(l)(13)
8 of the Internal Revenue Code of 1986, pur-
9 suant to approval provided under section
10 494, to determine the income and family
11 size of the borrower (and the borrower’s
12 spouse, if applicable) without further ac-
13 tion by the borrower;

14 “(ii) allow the borrower (or the spouse
15 of the borrower), at any time, to opt out
16 of disclosure under such section
17 6103(l)(13) and instead provide such infor-
18 mation as the Secretary may require to de-
19 termine the income and family size of the
20 borrower (and the borrower’s spouse, if ap-
21 plicable); and

22 “(iii) provide the borrower with an op-
23 portunity to update the return information
24 so disclosed before the determination of the

1 income and family size of the borrower for
2 purposes of this paragraph.

3 “(B) BORROWER NOTIFICATION.—With re-
4 spect to each borrower of a covered loan who is
5 at least 31 days delinquent on such loan and
6 who has not been subject to the procedures
7 under this paragraph for such loan in the pre-
8 ceeding 62 days, the Secretary shall, as soon as
9 practicable after such 31-day delinquency, pro-
10 vide to the borrower the following:

11 “(i) Notification that the borrower is
12 at least 31 days delinquent on at least 1
13 covered loan, and a description of all delin-
14 quent covered loans, nondelinquent covered
15 loans, and noncovered loans of the bor-
16 rower.

17 “(ii) A brief description of the repay-
18 ment plans for which the borrower is eligi-
19 ble and the covered loans and noncovered
20 loans of the borrower that may be eligible
21 for such plans, based on information avail-
22 able to the Secretary.

23 “(iii) The amount of monthly pay-
24 ments for the covered and noncovered
25 loans under each repayment plan identified

1 under clause (ii), based on information
2 available to the Secretary, including, if the
3 income information of the borrower is
4 available to the Secretary under subpara-
5 graph (A), the income, family size, tax fil-
6 ing status, and tax year information on
7 which each such monthly payment is
8 based.

9 “(iv) Clear and simple instructions on
10 how to select the repayment plans.

11 “(v) An explanation that, in the case
12 of a borrower for whom adjusted gross in-
13 come is unavailable—

14 “(I) if the borrower selects to
15 repay the covered loans of such bor-
16 rower pursuant to an income-driven
17 repayment plan that defines discre-
18 tionary income in such a manner that
19 an individual not required under sec-
20 tion 6012(a)(1) of the Internal Rev-
21 enue Code of 1986 to file a return
22 with respect to income taxes imposed
23 by subtitle A of such Code may have
24 a calculated monthly payment greater
25 than \$0, the borrower will be required

1 to provide the Secretary with other
2 documentation of income satisfactory
3 to the Secretary, which documentation
4 the Secretary may use to determine
5 an appropriate repayment schedule;
6 and

7 “(II) if the borrower selects to
8 repay such loans pursuant to an in-
9 come-driven repayment plan that is
10 not described in subclause (I), the
11 borrower will not be required to pro-
12 vide the Secretary with such other
13 documentation of income, and the bor-
14 rower will have a calculated monthly
15 payment of \$0.

16 “(vi) An explanation that the Sec-
17 retary shall take the actions under sub-
18 paragraph (C) with respect to such bor-
19 rower, if—

20 “(I) the borrower is 80 days de-
21 linquent on 1 or more covered loans
22 and has not selected a new repayment
23 plan for the covered loans of the bor-
24 rower; and

1 “(II) in the case of such a bor-
2 rower whose existing repayment plan
3 for the covered loans of the borrower
4 is not an income-driven repayment
5 plan, the monthly payments under
6 such existing repayment plan are
7 higher than such monthly payments
8 would be under an income-driven re-
9 payment plan.

10 “(vii) Instructions on updating the in-
11 formation of the borrower obtained under
12 subparagraph (A).

13 “(C) SECRETARY’S SELECTION OF A
14 PLAN.—With respect to each borrower de-
15 scribed in subparagraph (B) whose existing re-
16 payment plan for the covered loans of the bor-
17 rower is described in clause (vi)(II) of subpara-
18 graph (B), and who has not selected a new re-
19 payment plan for such loans in accordance with
20 the notice received under such subparagraph
21 and who is at least 80 days delinquent on such
22 a loan, the Secretary shall, as soon as prac-
23 ticable—

1 “(i) in a case in which any of the bor-
2 rower’s covered loans are eligible for an in-
3 come-driven repayment plan—

4 “(I)(aa) provide the borrower
5 with the income-driven repayment
6 plan that requires the lowest monthly
7 payment amount for each covered loan
8 of the borrower, compared to any
9 other such plan for which the bor-
10 rower is eligible; or

11 “(bb) if more than one income-
12 driven repayment plan would offer the
13 borrower the same lowest monthly
14 payment amount, provide the bor-
15 rower with the income-driven repay-
16 ment plan that has the most favorable
17 terms for the borrower;

18 “(II) if the plan selected under
19 subclause (I) is not the income-driven
20 repayment plan that would have the
21 lowest monthly payment amount if the
22 borrower were eligible for such plan
23 for the borrower’s covered loans and
24 noncovered loans, notify the borrower
25 of the actions, if any, the borrower

1 may take to become eligible for such
2 income-driven repayment plan; and

3 “(III) authorize the borrower to
4 change the Secretary’s selection of a
5 plan under this clause to any plan de-
6 scribed in paragraph (1) for which the
7 borrower is eligible; and

8 “(ii) in a case in which none of the
9 borrower’s covered loans are eligible for an
10 income-driven repayment plan, notify the
11 borrower of the actions, if any, the bor-
12 rower may take for such loans to become
13 eligible for such a plan.”.

14 **SEC. 224. NOTIFICATION AND AUTOMATIC ENROLLMENT**
15 **PROCEDURES FOR BORROWERS WHO ARE**
16 **REHABILITATING DEFAULTED LOANS.**

17 Section 455(d) of the Higher Education Act of 1965
18 (20 U.S.C. 1087e(d)), as amended by this Act, is further
19 amended by adding at the end the following:

20 “(8) NOTIFICATION AND AUTOMATIC ENROLL-
21 MENT PROCEDURES FOR BORROWERS WHO ARE RE-
22 HABILITATING DEFAULTED LOANS.—

23 “(A) AUTHORITY TO OBTAIN INCOME IN-
24 FORMATION.—The Secretary shall establish and
25 implement, with respect to any borrower who is

1 rehabilitating a covered loan pursuant to sec-
2 tion 428F(a), procedures to—

3 “(i) use return information of the bor-
4 rower (and the borrower’s spouse, if appli-
5 cable) disclosed section 6103(l)(13) of the
6 Internal Revenue Code of 1986, pursuant
7 to approval provided under section 494, to
8 obtain such information as is reasonably
9 necessary regarding the income and family
10 size of the borrower (and the borrower’s
11 spouse, if applicable);

12 “(ii) allow the borrower (or the spouse
13 of the borrower), at any time, to opt out
14 of disclosure under such section
15 6103(l)(13) and instead provide such infor-
16 mation as the Secretary may require to ob-
17 tain such information; and

18 “(iii) provide the borrower with an op-
19 portunity to update the return information
20 so disclosed before the determination of in-
21 come and family size of the borrower (and
22 the borrower’s spouse, if applicable) for
23 purposes of this paragraph.

24 “(B) BORROWER NOTIFICATION.—Not
25 later than 30 days after a borrower makes the

1 6th payment required on such covered loan for
2 the loan rehabilitation described in subpara-
3 graph (A), the Secretary shall notify the bor-
4 rower of the process under subparagraph (C)
5 with respect to such loan.

6 “(C) SECRETARY’S SELECTION OF PLAN.—
7 With respect to each borrower who has made
8 the 9th payment required on such covered loan
9 for the loan rehabilitation described in subpara-
10 graph (A), the Secretary shall, as soon as prac-
11 ticable after such payment, carry out the proce-
12 dures described in clauses (i) and (ii) of para-
13 graph (7)(C) with respect to such loan.”.

14 **SEC. 225. COVERED LOAN, INCOME-DRIVEN REPAYMENT**
15 **PLAN, AND NON-COVERED LOAN DEFINED.**

16 Section 455(d) of the Higher Education Act of 1965
17 (20 U.S.C. 1087e(d)), as amended by this Act, is further
18 amended by adding at the end the following:

19 “(9) DEFINITIONS.—In this subsection:

20 “(A) COVERED LOAN.—The term ‘covered
21 loan’ means—

22 “(i) a loan made under this part;

23 “(ii) a loan purchased under section
24 459A; or

1 “(iii) a loan that has been assigned to
2 the Secretary under subsection (c)(8) or
3 (j)(3)(B) of section 428, or subsection
4 (a)(1)(A)(ii) or (a)(1)(G) of section 428F.

5 “(B) INCOME-DRIVEN REPAYMENT
6 PLAN.—The term ‘income-driven repayment
7 plan’ means a repayment plan described in sub-
8 paragraph (D) or (E) of paragraph (1).

9 “(C) NONCOVERED LOAN.—The term
10 ‘noncovered loan’ means a loan made, insured,
11 or guaranteed under this title that is not a cov-
12 ered loan.”.

13 **SEC. 226. AUTOMATIC RECERTIFICATION OF INCOME FOR**
14 **INCOME-DRIVEN REPAYMENT PLANS.**

15 (a) INCOME-CONTINGENT REPAYMENT PLANS.—Sec-
16 tion 455(e)(8)(A) of the Higher Education Act of 1965
17 (20 U.S.C. 1087e(e)(8)(A)) is amended—

18 (1) by striking “and” at the end of clause (ii);

19 (2) by redesignating clause (iii) as clause (iv);

20 (3) in clause (iv) (as so redesignated), by strik-
21 ing the period at the end and inserting “; and”; and

22 (4) by inserting after clause (ii), the following:

23 “(iii) in the case of a borrower who
24 has selected to repay a loan made under
25 this part pursuant to an income contingent

1 (B) in subparagraph (B), by striking “a
2 loan under part D” and inserting “a covered
3 loan (as defined in section 455(d)(9))”; and
4 (2) by adding at the end the following:

5 “(4) LOAN DELINQUENCY AND REHABILITA-
6 TION.—

7 “(A) BORROWERS DELINQUENT ON
8 LOANS.—In the case of an individual who is a
9 borrower of a covered loan and who is at least
10 31 days delinquent on such loan, the Secretary,
11 with respect to such individual and any spouse
12 of such individual, shall—

13 “(i) provide to such individuals the
14 notification described in paragraph
15 (1)(A)(i); and

16 “(ii) require, as a condition of eligi-
17 bility for the notification and automatic en-
18 rollment procedures under section
19 455(d)(7), that such individuals—

20 “(I) affirmatively approve the
21 disclosure described in paragraph
22 (1)(A)(i) and agree that such approval
23 shall serve as an ongoing approval of
24 such disclosure until the date on
25 which the individual elects to opt out

1 of such disclosure under section
2 455(d)(7)(A)(ii); or

3 “(II) provide such information as
4 the Secretary may require to carry
5 out the procedures under section
6 455(d)(7) with respect to such indi-
7 vidual.

8 “(B) LOAN REHABILITATION.—In the case
9 of any written or electronic application by an
10 individual for the rehabilitation of a covered
11 loan pursuant to section 428F(a), the Sec-
12 retary, with respect to such individual and any
13 spouse of such individual, shall—

14 “(i) provide to such individuals the
15 notification described in paragraph
16 (1)(A)(i); and

17 “(ii) require, as a condition of eligi-
18 bility for loan rehabilitation pursuant to
19 section 428F(a), that such individuals—

20 “(I) affirmatively approve the
21 disclosure described in paragraph
22 (1)(A)(i) and agree that such approval
23 shall serve as an ongoing approval of
24 such disclosure until the date on
25 which the individual elects to opt out

1 of such disclosure under section
2 455(d)(8)(A)(ii); or

3 “(II) provide such information as
4 the Secretary may require to carry
5 out the procedures under section
6 455(d)(8) with respect to such indi-
7 vidual.

8 “(C) COVERED LOAN DEFINED.—In this
9 paragraph, the term ‘covered loan’ has the
10 meaning given the term in section 455(d)(9).”.

