

**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE  
OFFERED BY M\_\_.**

Page 1, beginning on line 3, strike subtitle A and all that follows through subtitle G and insert the following:

**1 SEC. 30001. SHORT TITLE.**

2       This title may be cited as the “Student Debt Can-  
3 cellation Act of 2025”.

**4 SEC. 30002. FORGIVENESS OF OUTSTANDING FEDERAL STU-  
5 DENT LOANS.**

6       (a) FORGIVENESS REQUIRED.—Notwithstanding any  
7 other provision of law, not later than 180 days after the  
8 date of the enactment of this title, the Secretary of Edu-  
9 cation shall forgive the outstanding balance of interest and  
10 principal due on all eligible Federal student loans.

11       (b) DEFINITION OF ELIGIBLE FEDERAL STUDENT  
12 LOAN.—In this title, the term “eligible Federal student  
13 loan” means any loan made, insured, or guaranteed under  
14 part B, part D, or part E of title IV of the Higher Edu-  
15 cation Act of 1965 before the date of enactment of this  
16 title, including—

1           (1) loans made to a parent borrower on behalf  
2           of a dependent student under part B or part D of  
3           such Act;

4           (2) consolidation loans made under such Act;  
5           and

6           (3) any grant treated as a loan under such part  
7           D in accordance with section 258(e), section  
8           420M(c), or section 807(d) of such Act.

9           (c) METHOD OF LOAN FORGIVENESS.—To provide  
10          the loan forgiveness required under subsection (a), the  
11          Secretary of Education is authorized to carry out a pro-  
12          gram—

13           (1) through the holder of a loan, to assume the  
14           obligation to repay the outstanding balance of inter-  
15           est and principal due on loans made, insured, or  
16           guaranteed under part B of title IV of the Higher  
17           Education Act of 1965 (20 U.S.C. 1071 et seq.);  
18           and

19           (2) to cancel the outstanding balance of interest  
20           and principal due on loans made under part D or  
21           part E of such title.

22          (d) REPAYMENT REFUNDS.—

23           (1) PRIOR REPAYMENT.—Nothing in this sec-  
24          tion shall be construed to authorize any refunding of

1       any eligible Federal student loan repayment made  
2       before the date of enactment of this title.

3           (2) PAYMENTS MADE AFTER ENACTMENT.—

4       The Secretary shall refund to each borrower who re-  
5       ceives forgiveness under this section the amount of  
6       any payments the borrower makes on an eligible  
7       Federal student loan during the period beginning on  
8       the date of the enactment of this title and ending on  
9       the date on which the Secretary forgives the out-  
10      standing balance of such eligible Federal student  
11      loan.

12      (e) EXCLUSION FROM TAXABLE INCOME.—The  
13      amount of a borrower's eligible Federal student loans for-  
14      given under this section, and the amount of any repay-  
15      ments to a borrower under subsection (d)(2), shall not be  
16      included in the gross income of the borrower for purposes  
17      of the Internal Revenue Code of 1986.

18   **SEC. 30003. PURCHASE AND FORGIVENESS OF OUT-**  
19           **STANDING PRIVATE STUDENT LOANS.**

20      (a) IN GENERAL.—Part D of title IV of the Higher  
21      Education Act of 1965 (20 U.S.C. 1087a et seq.) is  
22      amended by inserting after section 459B the following:

1 **“SEC. 459C. TEMPORARY AUTHORITY TO PURCHASE AND**  
2 **FORGIVE ELIGIBLE PRIVATE STUDENT**  
3 **LOANS.**

4 “(a) PRIVATE EDUCATION LOAN PURCHASE AND  
5 FORGIVENESS.—Notwithstanding any other provision of  
6 law, not later than 180 days after the date of enactment  
7 of the Student Debt Cancellation Act of 2025, the Sec-  
8 retary, in consultation with the Secretary of the Treasury,  
9 shall carry out a program under which the Secretary shall  
10 purchase, and then forgive, the outstanding balance of in-  
11 terest and principal due on eligible private student loans.

12 “(b) DEFINITIONS.—In this section:

13 “(1) ELIGIBLE PRIVATE STUDENT LOAN.—In  
14 this section, the term ‘eligible private student loan’  
15 means a private education loan, as defined in section  
16 140(a) of the Truth in Lending Act (15 U.S.C.  
17 1650(a)), that was expressly for the cost of attend-  
18 ance (as defined in section 472) at an institution of  
19 higher education participating in a loan program  
20 under part B, part D, or part E of title IV of the  
21 Higher Education Act of 1965 (20 U.S.C. 1070 et  
22 seq.), as of the date that the loan was disbursed,  
23 and that was made before the date of enactment of  
24 the Student Debt Cancellation Act of 2025.

25 “(2) 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       “(c) METHOD OF LOAN PURCHASE AND FORGIVE-  
4       NESS.—The Secretary, in consultation with the Secretary  
5       of the Treasury, shall carry out a program under which  
6       the Secretary, upon application by a borrower who has an  
7       eligible private student loan, shall purchase the eligible  
8       private student loans of the borrower, issue such borrower  
9       a loan under this section, and forgive such loan, in accord-  
10      ance with the following:

11           “(1) The Secretary shall pay to the private edu-  
12          cational lender of the eligible private student loan an  
13          amount equal to the sum of the unpaid principal, ac-  
14          crued unpaid interest, and late charges of the eligi-  
15          ble private student loan, as calculated on the date of  
16          the purchase of such loan, in order to discharge the  
17          borrower from any remaining obligation to the pri-  
18          vate educational lender with respect to the eligible  
19          private student loan.

20           “(2) The Secretary shall issue to the borrower  
21          a loan, known as a Federal Direct Forgiveness  
22          Loan, in an amount equal to the sum of the amount  
23          paid to the private educational lender of the eligible  
24          private student loan of the borrower that was pur-

1        chased by the Secretary in accordance with para-  
2        graph (1).

3            “(3) The Secretary shall, immediately upon  
4        issuance of a Federal Direct Forgiveness Loan, can-  
5        cel the outstanding balance of interest and principal  
6        due on such loan.

7            “(d) REPAYMENT REFUNDS PROHIBITED.—Nothing  
8        in this section shall be construed to authorize any refund-  
9        ing of any repayment of a loan.

10          “(e) EXCLUSION FROM TAXABLE INCOME.—The  
11        amount of a borrower’s Federal Direct Forgiveness Loans  
12        forgiven under this section shall not be included in the  
13        gross income of the borrower for purposes of the Internal  
14        Revenue Code of 1986.”.

15          (b) NOTICE TO BORROWERS.—Section 128(e) of the  
16        Truth in Lending Act (15 U.S.C. 1638(e)) is amended by  
17        adding at the end the following new paragraph:

18            “(12) NOTICE REQUIRED ALONG WITH BILLING  
19        STATEMENTS.—Along with each billing statement  
20        sent to the borrower during the six-month period be-  
21        ginning on the day after the date of enactment of  
22        the Student Debt Cancellation Act of 2025, the pri-  
23        vate educational lender shall include a statement in-  
24        forming the borrower that—

1           “(A) the borrower may be eligible for loan  
2           forgiveness of eligible private student loans  
3           under section 459C of the Higher Education  
4           Act of 1965; and

5           “(B) to be eligible for such loan forgive-  
6           ness, the borrower must apply to the Secretary  
7           of Education no later than the date that is 180  
8           days after the date of enactment of the Student  
9           Debt Cancellation Act of 2025.”.

10 **SEC. 30004. NOTICE TO THE PUBLIC.**

11       Not later than 15 days after the date of enactment  
12 of this title, the Secretary of Education, in consultation  
13 with institutions of higher education and lenders of Fed-  
14 eral student loans and private education loans, shall take  
15 such actions as may be necessary to ensure that borrowers  
16 who have outstanding eligible Federal student loans or  
17 outstanding eligible private student loans (as defined in  
18 section 459C of the Higher Education Act of 1965, as  
19 added by this title) are aware of the loan forgiveness pro-  
20 grams authorized by this title. Such information shall—

21           (1) be presented in a form that is widely avail-  
22           able to the public, especially to borrowers with out-  
23           standing Federal and private student loans;

24           (2) be easily understandable; and

1           (3) clearly notify borrowers of eligible private  
2       student loans—

3           (A) that borrowers must apply for loan  
4       forgiveness under this title, and must do so no  
5       later than the date that is 180 days after the  
6       date of enactment of this title; and

7           (B) of the application process and require-  
8       ments to apply for forgiveness of eligible private  
9       student loans in accordance with this title.

