

114TH CONGRESS
2D SESSION

H. R. 5622

To amend the Higher Education Act of 1965 to give borrowers an option to extend the grace period prior to the beginning of the repayment period, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 5, 2016

Mr. AGUILAR introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Higher Education Act of 1965 to give borrowers an option to extend the grace period prior to the beginning of the repayment period, 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 “Grace Period Allevi-
5 ation Act” or the “GPA Act”.

6 **SEC. 2. GRACE PERIOD ADJUSTMENTS.**

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

1 (1) in subsection (b), by adding at the end the
2 following:

3 “(11) REPAYMENT OF INTEREST.—The Sec-
4 retary, through a loan modification process, shall
5 pay to each borrower who received a Federal Direct
6 Stafford Loan for which the first disbursement was
7 made during the period between July 1, 2012, and
8 July 1, 2014, an amount equal to the amount of in-
9 terest that accrued on such loan prior to the begin-
10 ning of the repayment period.”; and

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

12 “(r) ELECTION OF EXTENDED GRACE PERIOD.—

13 “(1) IN GENERAL.—The Secretary shall provide
14 an opportunity for each borrower who receives a
15 Federal Direct Stafford Loan or Federal Direct Un-
16 subsidized Stafford Loan to elect a 12-month grace
17 period before beginning repayment on the loan. The
18 Secretary shall—

19 “(A) notify each such borrower of the op-
20 portunity for such an election not later than 45
21 days before the start of the borrower’s repay-
22 ment period on the loan;

23 “(B) advise each such borrower of the fi-
24 nancial consequences of electing such 12-month
25 grace period; and

1 “(C) not require such a borrower to accept
2 a 12-month grace period, unless the borrower
3 specifically elects such 12-month grace period
4 not later than 14 days before the start of the
5 borrower’s repayment period on the loan.

6 “(2) APPLICATION OF SECTION 428(b)(7).—
7 With respect to each borrower who makes an elec-
8 tion for a 12-month grace period under paragraph
9 (1) of this subsection, section 487(b)(7) shall be ap-
10 plied—

11 “(A) in subparagraph (A), as if ‘or, in the
12 case of a student who makes an election under
13 section 455(r)(1), 12 months’ were inserted
14 after ‘6 months’; and

15 “(B) in subparagraph (D), as if ‘or, in the
16 case of a student who makes an election under
17 section 455(r)(1), the 12-month period’ were in-
18 serted after ‘6-month period.’.”

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