

116TH CONGRESS  
2D SESSION

# S. 4237

To extend zero interest rate benefits and payment suspension to all Federal student loan borrowers, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 21, 2020

Mr. REED (for himself, Ms. MURKOWSKI, Mr. JONES, and Mr. TILLIS) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To extend zero interest rate benefits and payment suspension to all Federal student loan borrowers, 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 “Student Loan Fairness  
5 Act”.

6 **SEC. 2. ASSISTANCE FOR BORROWERS WITH FEDERAL FAM-**  
7 **ILY EDUCATION LOANS AND FEDERAL PER-**  
8 **KINS LOANS.**

9 (a) TEMPORARY PROGRAM OF ASSISTANCE FOR BOR-  
10 ROWERS WITH FEDERAL FAMILY EDUCATION LOANS

1 AND FEDERAL PERKINS LOANS.—Notwithstanding any  
2 other provision of the Higher Education Act of 1965 (20  
3 U.S.C. 1071 et seq.), the Secretary of Education shall  
4 carry out a temporary program to make interest payments  
5 on behalf of borrowers on loans made under part B of  
6 the Higher Education Act of 1965 (20 U.S.C. 1071 et  
7 seq.) or loans under part E of the Higher Education Act  
8 of 1965 (20 U.S.C. 1087aa et seq.), that are not held by  
9 the Federal Government (referred to in this section as  
10 “qualifying loans”) to assist such borrowers during the pe-  
11 riod of response and recovery relating to the novel  
12 coronavirus disease (COVID–19) outbreak.

13           (1) Under the program, the Secretary shall  
14       enter into agreements, expeditiously, but not later  
15       than 30 days after the date of enactment of this  
16       Act, with eligible lenders and guaranty agencies  
17       under which the Secretary shall make interest pay-  
18       ments to such eligible lenders and guaranty agencies  
19       on behalf of all borrowers of all qualifying loans in  
20       accordance with this section. Under such agree-  
21       ments—

22                   (A) the Secretary shall—

23                           (i) make payments on behalf of each  
24                   borrower of qualifying loans whose loans  
25                   are held by such eligible lender or guaranty

1 agency equal to the total amount of the in-  
2 terest on the unpaid principal amount of  
3 such loans, calculated at the borrower in-  
4 terest rates established under section 427A  
5 of the Higher Education Act of 1965 (20  
6 U.S.C. 1077a) (or at a lesser rate as es-  
7 tablished under section 427A(m) of such  
8 Act, if applicable) for loans under part B  
9 of such Act and calculated at the borrower  
10 interest rates established under section  
11 464 of such Act (20 U.S.C. 1087dd) for  
12 loans under part E of such Act; and

13 (ii) make such payments to an eligible  
14 lender or guaranty agency on a monthly  
15 basis, for the period beginning on March  
16 13, 2020, and ending on September 30,  
17 2020 (referred to in this section as the  
18 “applicable period”); and

19 (B) each eligible lender and guaranty  
20 agency who has entered into an agreement with  
21 the Secretary under this subsection shall—

22 (i) credit the interest payments paid  
23 by the Secretary under this subsection as  
24 full satisfaction of the obligation of the

1                   borrowers to pay interest during the appli-  
2                   cable period;

3                   (ii) credit the account of a borrower,  
4                   as an amount paid on the principal or in-  
5                   terest of the qualifying loan in addition to  
6                   the amounts credited under clause (i), in  
7                   the case of a borrower who has made an  
8                   interest payment for the applicable period;  
9                   and

10                  (iii) not later than 30 days from the  
11                  date of such agreement, provide a report to  
12                  the Secretary confirming that such bor-  
13                  rowers have been or will be credited in ac-  
14                  cordance with this subparagraph.

15                  (2) For purposes of this subsection, an eligible  
16                  lender includes the holder of the loan or, if the hold-  
17                  er acts as eligible lender trustee for the beneficial  
18                  owner of the loan, the beneficial owner of the loan.

19                  (3) Nothing in this subsection shall affect pay-  
20                  ment calculations under section 438 of the Higher  
21                  Education Act of 1965 (20 U.S.C. 1087).

22                  (4) The Secretary shall ensure that each agree-  
23                  ment under this subsection includes every qualifying  
24                  loan held by the eligible lender or guaranty agency.

1       (b) TEMPORARY POSTPONEMENT OF PART B AND  
2 PART E LOAN PAYMENTS.—Notwithstanding any other  
3 provision of the Higher Education Act of 1965 (20 U.S.C.  
4 1071 et seq.), the Secretary shall require eligible lenders  
5 and guaranty agencies with agreements with the Secretary  
6 under subsection (a) to suspend all payments due from  
7 borrowers on qualifying loans through September 30,  
8 2020.

9           (1) CONSIDERATION OF PAYMENTS.—Notwith-  
10 standing any other provision of the Higher Edu-  
11 cation Act of 1965 (20 U.S.C. 1001 et seq.), the  
12 Secretary shall deem each month for which a loan  
13 payment was suspended under this subsection as if  
14 the borrower of the loan had made a qualified pay-  
15 ment for the purpose of any loan forgiveness pro-  
16 gram and loan rehabilitation program authorized  
17 under the Higher Education Act of 1965 (20 U.S.C.  
18 1071 et seq.).

19           (2) REPORTING TO CONSUMER REPORTING  
20 AGENCIES.—During the period in which the bor-  
21 rower payments on a loan are suspended under this  
22 subsection, the Secretary shall ensure that, for the  
23 purpose of reporting information about the loan to  
24 a consumer reporting agency, any payment that has

1        been suspended is treated as if it were a regularly  
2        scheduled payment made by a borrower.

3        (c) SUSPENDING INVOLUNTARY COLLECTION.—Not-  
4        withstanding any other provision of the Higher Education  
5        Act of 1965 (20 U.S.C. 1071 et seq.), the Secretary shall  
6        suspend, and shall require guaranty agencies with agree-  
7        ments with the Secretary under subsection (a) to suspend,  
8        all involuntary collection related to the qualifying loan,  
9        through September 30, 2020. Such efforts shall include—

10            (1) a wage garnishment authorized under sec-  
11            tion 488A of the Higher Education Act of 1965 (20  
12            U.S.C. 1095a) or section 3720D of title 31, United  
13            States Code;

14            (2) a reduction of tax refund by amount of debt  
15            authorized under section 3720A of title 31, United  
16            States Code, or section 6402(d) of the Internal Rev-  
17            enue Code of 1986;

18            (3) a reduction of any other Federal benefit  
19            payment by administrative offset authorized under  
20            section 3716 of title 31, United States Code (includ-  
21            ing a benefit payment due to an individual under the  
22            Social Security Act or any other provision described  
23            in subsection (c)(3)(A)(i) of such section); and

24            (4) any other involuntary collection activity by  
25            the Secretary.

1 (d) NOTICE TO BORROWERS AND TRANSITION PE-  
 2 RIOD.—To inform borrowers of the actions taken in ac-  
 3 cordance with this section and ensure an effective transi-  
 4 tion, the Secretary shall require eligible lenders and guar-  
 5 anty agencies with agreements under subsection (a) to—

6 (1) not later than 15 days after entering into  
 7 such agreement, notify borrowers—

8 (A) of the actions taken in accordance with  
 9 this section for whom payments have been sus-  
 10 pended and interest paid by the Secretary on  
 11 behalf of that borrower;

12 (B) of the actions taken in accordance with  
 13 subsection (c) for whom collections have been  
 14 suspended;

15 (C) of the option to continue making pay-  
 16 ments toward principal; and

17 (D) that the program under this section is  
 18 a temporary program; and

19 (2) beginning on August 1, 2020, carry out a  
 20 program to provide not less than 6 notices by postal  
 21 mail, telephone, or electronic communication to bor-  
 22 rowers indicating—

23 (A) when the borrower's normal payment  
 24 obligations will resume; and

1 (B) any options the borrower may have for  
2 income-driven repayment or forgiveness.

3 (e) WAIVERS.—In carrying out this section, the Sec-  
4 retary may waive the application of—

5 (1) subchapter I of chapter 35 of title 44,  
6 United States Code (commonly known as the “Pa-  
7 perwork Reduction Act”);

8 (2) the master calendar requirements under  
9 section 482 of the Higher Education Act of 1965  
10 (20 U.S.C. 1089);

11 (3) negotiated rulemaking under section 492 of  
12 the Higher Education Act of 1965 (20 U.S.C.  
13 1098a); and

14 (4) the requirement to publish the notices re-  
15 lated to the system of records of the agency before  
16 implementation required under paragraphs (4) and  
17 (11) of section 552a(e) of title 5, United States  
18 Code (commonly known as the “Privacy Act of  
19 1974”), except that the notices shall be published  
20 not later than 180 days after the date of enactment  
21 of this Act.

22 (f) DEFERMENT OR FORBEARANCE.—The Secretary  
23 shall require eligible lenders and guaranty agencies with  
24 agreements with the Secretary under subsection (a) to en-  
25 sure that any period of deferment or forbearance on a



1 qualifying loan during the period beginning on March 13,  
2 2020, and ending on September 30, 2020, shall not be  
3 counted toward any cumulative limits on deferment or for-  
4 bearance periods.

5 (g) ELIGIBLE LENDER.—In this section, the term  
6 “eligible lender” shall include—

7 (1) an institution of higher education in the  
8 case of a loan made under part E of the Higher  
9 Education Act of 1965 (20 U.S.C. 1087aa et seq.);  
10 and

11 (2) an eligible lender as defined by section  
12 435(d) of the Higher Education Act of 1965 (20  
13 U.S.C. 1085).

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