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(Original Signature of Member)

114TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Higher Education Act of 1965 to include Parent PLUS loans in income-contingent and income-based repayment plans, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Ms. FUDGE introduced the following bill; which was referred to the Committee  
on \_\_\_\_\_  
\_\_\_\_\_

**A BILL**

To amend the Higher Education Act of 1965 to include Parent PLUS loans in income-contingent and income-based repayment plans, 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 “Parent PLUS Loan  
5 Improvement Act of 2016”.

6 **SEC. 2. APPLICABLE RATE OF INTEREST FOR PLUS LOANS.**

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

1 (1) in subparagraph (C), by inserting “and be-  
2 fore July 1, 2016,” after “, 2013,”; and

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

4 “(F) REDUCED RATE FOR PARENT PLUS  
5 LOANS.—Notwithstanding the preceding para-  
6 graphs of this subsection, for Federal Direct  
7 PLUS Loans made on behalf of a dependent  
8 student for which the first disbursement is  
9 made on or after July 1, 2016, the applicable  
10 rate of interest shall be determined under sub-  
11 paragraph (C) of this paragraph—

12 “(i) by substituting ‘3.6 percent’ for  
13 ‘4.6 percent’; and

14 “(ii) by substituting ‘9.5 percent’ for  
15 ‘10.5 percent’.”.

16 **SEC. 3. ELIMINATION OF ORIGINATION FEE FOR PARENT**  
17 **PLUS LOANS.**

18 Section 455(c) of the Higher Education Act of 1965  
19 (20 U.S.C. 1087e(c)) is amended by adding at the end  
20 the following new paragraph:

21 “(3) PLUS LOANS.—With respect to Federal  
22 Direct PLUS loans made on behalf of a dependent  
23 student for which the first disbursement of principal  
24 is made on or after July 1, 2016, paragraph (1)

1       shall be applied by substituting ‘0.0 percent’ for ‘4.0  
2       percent’.”.

3   **SEC. 4. COUNSELING FOR PARENT PLUS BORROWERS.**

4       Section 485 of the Higher Education Act of 1965 (20  
5   U.S.C. 1092) is amended by adding at the end the fol-  
6   lowing:

7       “(n) COUNSELING FOR PARENT PLUS BOR-  
8   ROWERS.—

9           “(1) IN GENERAL.—The Secretary, prior to dis-  
10      bursement of a Federal Direct PLUS loan made on  
11      behalf of a dependent student, shall ensure that the  
12      borrower receives comprehensive information on the  
13      terms and conditions of the loan and the responsibil-  
14      ities the borrower has with respect to such loan.  
15      Such information—

16           “(A) shall be provided through the use of  
17      interactive programs that use mechanisms to  
18      check the borrower’s understanding of the  
19      terms and conditions of the borrower’s loan,  
20      using simple and understandable language and  
21      clear formatting; and

22           “(B) shall be provided—

23           “(i) during a counseling session con-  
24      ducted in person; or

25           “(ii) online.

1           “(2) INFORMATION TO BE PROVIDED.—The in-  
2           formation to be provided to the borrower under  
3           paragraph (1) shall include the following:

4                   “(A) Information on how interest accrues  
5                   and is capitalized during periods when the in-  
6                   terest is not paid by the borrower.

7                   “(B) An explanation of when loan repay-  
8                   ment begins, of the options available for a bor-  
9                   rower who may need a deferment, and that in-  
10                  terest accrues during a deferment.

11                  “(C) The repayment plans that are avail-  
12                  able to the borrower, including personalized in-  
13                  formation showing—

14                          “(i) estimates of the borrower’s antici-  
15                          pated monthly payments under each repay-  
16                          ment plan that is available; and

17                          “(ii) the difference in interest paid  
18                          and total payments under each repayment  
19                          plan.

20                  “(D) The obligation of the borrower to  
21                  repay the full amount of the loan, regardless of  
22                  whether the student on whose behalf the loan  
23                  was made completes the program in which the  
24                  student is enrolled.

1           “(E) The likely consequences of default on  
2           the loan, including adverse credit reports, delin-  
3           quent debt collection procedures under Federal  
4           law, and litigation.

5           “(F) The name and contact information of  
6           the individual the borrower may contact if the  
7           borrower has any questions about the bor-  
8           rower’s rights and responsibilities or the terms  
9           and conditions of the loan.”.

10 **SEC. 5. INCLUSION OF PARENT PLUS LOANS IN INCOME-**  
11 **CONTINGENT AND INCOME-BASED REPAY-**  
12 **MENT PLANS.**

13       (a) INCOME-CONTINGENT REPAYMENT PLAN.—Sec-  
14 tion 455(d)(1)(D) of the Higher Education Act of 1965  
15 (20 U.S.C. 1087e(d)(1)(D)) is amended by striking “, ex-  
16 cept that the plan described in this subparagraph shall  
17 not be available to the borrower of a Federal Direct PLUS  
18 loan made on behalf of a dependent student;”.

19       (b) INCOME-BASED REPAYMENT.—

20           (1) SECTION 493C.—Section 493C of the High-  
21 er Education Act of 1965 (20 U.S.C. 1098e) is  
22 amended—

23           (A) in subsection (a)—

24                   (i) by striking “this section” and all  
25                   that follows through “hardship” and in-

1           serting “In this section, the term ‘partial  
2           financial hardship’”; and

3                   (ii) by striking, “(other than an ex-  
4           cepted PLUS loan or excepted consolida-  
5           tion loan)”; and

6           (B) in subsection (b)—

7                   (i) in paragraph (1), by striking  
8           “(other than an excepted PLUS loan or  
9           excepted consolidation loan)”; and

10                   (ii) in paragraph (6)(A), by striking  
11           “(other than an excepted PLUS loan or  
12           excepted consolidation loan)”; and

13                   (iii) in paragraph (7), by striking  
14           “(other than a loan under section 428B  
15           or a Federal Direct PLUS Loan)”; and

16           (C) in subsection (c), by striking “(other  
17           than an excepted PLUS loan or excepted con-  
18           solidation loan),”.

19           (2)       SECTION       455(d)(1)(E).—Section  
20           455(d)(1)(E)   of   such   Act   (20   U.S.C.  
21           1087e(d)(1)(D)) is amended by striking “, except  
22           that the plan described in this subparagraph shall  
23           not be available to the borrower of a Federal Direct  
24           PLUS Loan made on behalf of a dependent student  
25           or a Federal Direct Consolidation Loan, if the pro-

1       ceeds of such loan were used to discharge the liabil-  
2       ity on such Federal Direct PLUS Loan or a loan  
3       under section 428B made on behalf of a dependent  
4       student”.

5       (c) APPLICATION TO REGULATIONS.—The Secretary  
6       shall ensure that any Federal Direct PLUS Loan and any  
7       loan under section 428B of the Higher Education Act of  
8       1965 (20 U.S.C. 1078–2) made on behalf of a dependent  
9       student are eligible for any repayment plan available  
10      under the Higher Education Act of 1965 (20 U.S.C. 1001  
11      et seq.) or regulations authorized under such Act (20  
12      U.S.C. 1001 et seq.)